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The Social and Economic Impacts  
of a  
Permanent Casino  
in Hamilton

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Social Planning & Research Council

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A United Way Agency




**The Social and Economic Impacts  
of a  
Permanent Casino  
in Hamilton**

Submitted to  
  
The City of Hamilton

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## EXECUTIVE SUMMARY

A permanent casino in Hamilton will have lasting economic and social impacts on the City and Region. Its potential financial viability is, however, quickly eroding with the establishment of a permanent casino in Brantford and the allocation of 750 slot machines to each of Mohawk and Flamborough raceways.

It may still be possible to operate a small profitable casino in Hamilton with significant employment and income impacts. Whatever its size, however, it will also have significant negative social impacts on the people of Hamilton and surrounding regions.

This study examined the potential of a permanent casino in Hamilton with respect to its financial viability, economic impacts and social impacts. Although these three aspects are interrelated and influence one another, the results are presented separately for each aspect.

Our market assessment suggests that a permanent casino in Hamilton will have the following characteristics:

- We estimate the total number of visits to exceed 972,803 under the medium scenario. This estimate falls between a low of 612,336 visits and a high of 1,333,271.
- The estimated total gaming revenue of the market varies between a low of \$23.2 million and a high of \$60.1 million with an average value of \$41.7 million.
- The total number of slot machines that the market can sustain is estimated to fall between 298 and 770 with an average value of 534 machines.
- The average number of supportable tables is estimated at 34 tables with a low of 19 and a high of 49.

- The average win is calculated to exceed \$42.
- The residential Hamilton population accounts for 36% of the visits and 35% of the gaming revenues under the low scenario and 36% of the visits but 32% of the gaming revenues under the high scenario.
- Residents within the Regional Municipality of Hamilton-Wentworth are estimated to account for 51% of the visits and 50% of the gaming revenues under the low scenario and 50% of the visits and 48% of the gaming revenues under the high scenario.
- Tourists from the US, overseas and Canada will account for 17% of the visits and 16% of the gaming revenues under the low scenario and 14% of visits and 14% of gaming revenues under the high scenario.
- The potential financial viability estimates for a permanent casino in Hamilton are consistent with the overall gaming market profiles in Canada and Ontario.

The renovation, furnishing and equipping of the proposed permanent casino in Hamilton involves:

- A total expenditure of \$6 million in 1998 prices.
- The development phase is expected to involve a very short period over which a total of about 48 person years of employment, \$4.4 million in value added, \$2.4 in labour income, and \$131 thousand in tax revenues are likely to be sustained by this activity in Hamilton.
- The local economy is not expected to sustain most of the capital and development expenditures. A large part of these expenditures involves the purchase of gaming equipment, a good part of which will come from outside Ontario.

The operational impacts are recurrent impacts and will permanently affect the local economy.

These impacts include:

- A total revenue of \$41.7 million is likely to emerge from the operations of the Hamilton casino.
- Almost 50% of these revenues will come from visitors from outside the community.
- Unlike capital expenditures, operating revenues sustain permanent jobs and recurrent incomes in the local community. The total income of Hamilton can be expected to increase permanently by about \$63 million.
- More than 876 full time equivalent jobs will be created in the community either directly in the casino (525) or in closely related activities that sustain indirectly its operations or by the induced expenditures of the newly created incomes.
- Labour income is expected to increase by \$32.5 million. This will support an effective direct wage of over \$30 thousand and a total effective wage of over \$37,089.
- The local government in Hamilton will be expected to generate additional property taxes, business income and fees and licenses that will net them more than \$1.3 million in revenues annually.

Not all of the operational impacts are incremental (new). It is clear that impacts supported by expenditures of non-residents can be considered new to the community and the jobs associated with these expenditures can easily be considered as new jobs. This is true to the extent that these expenditures at the casino do not replace expenditures on restaurants, theatre or other goods and services in Hamilton.



The net economic impacts after factoring the effects of redirected expenditures and import replacement would include:

- A total of \$1,979,083 will be the amount lost at the Casino that could have been spent on groceries.
- \$4,947,708 could have been spent on clothing.
- The sum of these two items of redirected expenditures is \$6,926,791. The associated impacts of these expenditures are subtracted from the total impacts. These include:
  - \$5,008,360 reduction in income.
  - A loss of 111 person-years of employment.

On the other hand, we have added to the total impacts the following:

- An import replacement which amounts to \$7,916,332. The impacts associated with the import replacement expenditures are higher than the negative redirected expenditures. The net impact results are, therefore, higher than the gross impacts.

The economic impacts of the permanent casino in Hamilton on the local economy have parallel and equally significant social impacts that manifest themselves in problem gambling, impacts on families, crime, etc. The social costs of these impacts are difficult to estimate with any precision. This study did not attempt to generate extensive primary data on these social costs because of the limits to time and resources available to carry out this study. Rather, it identifies research from other communities that provides a guideline for estimating social costs in the Hamilton area should a permanent casino be established.



Judging by the published research available, estimates on social costs have not been a routine part of the planning process in communities where casinos are being considered, nor have they been a regular part of the monitoring process in those communities where casinos have been established.

Below is a brief summary of the most salient social impact results of our study:

- Literature on the subject indicates that as opportunities for gambling increase, so do the prevalence rates of problem gambling. There is also some evidence to suggest that rates of problem gambling tend to increase over time and there is mounting evidence locally to suggest that the rates of the incidence of problem gambling have continued to grow.
- It is generally accepted that most people who engage in licensed gambling activity are able to integrate this activity into their lifestyle without experiencing personal or family problems. For a minority of people their gambling behaviours reach excessive proportions and leads to problems. At its most serious level, pathological or compulsive gambling is a public health issue.
- Most studies put the prevalence rate of problem gambling at between 3 and 6 percent of the adult population. Communities with a casino may find over time, there may be a rise in the rates of gambling related problems.
- This calculation suggests that for the City of Hamilton there is a potential for 859 cases of pathological gambling to emerge. These individuals and their families would experience the most disruptive and disabling effects of compulsive gambling and are most likely to come in contact with the social or health service system. This represents the absolute minimum estimate of this most serious social impact.

- Several services are provided in Hamilton-Wentworth which respond directly, although not exclusively, to individuals with problem gambling behaviour. The Alcohol, Drug and Gambling Service operated by the Regional Municipality provides assessment, early intervention, individual and group treatment options. Services are also available for the spouses /significant others of problem and compulsive gamblers, including an educational support group for partners of problem and compulsive gamblers.
- Community resources are also used to respond to the impacts of problem gambling on families and friends. Research suggests that for every problem gambler there are 10 to 17 people around him/her that will be negatively affected.
- Some of problems experienced by problem gamblers may lead to serious psychiatric and physical disorders. A variety of other mental health problems have been associated with problem gambling behaviour.
- Although a wide variety of health and social services respond to the needs of those with problem gambling behaviours, many services benefit from revenues generated by gambling activity. The Trillium Foundation in Ontario, operating exclusively on the basis of proceeds from Provincial lottery and gaming proceeds, plans to allocate 100 million dollars in the 1999-2000 operating year to community service organisations across the Province. Local gaming ventures such as bingo and Nevada break-open ticket operations generate considerable revenues for local charitable organisations which are then used to support the delivery of programs and services to their client population.

- A permanent casino in Hamilton offers the potential of a similar benefit to these services. The Ontario Lottery Corporation established a one time fund in 1998 which was in part designed as a substitute for revenues previously generated for charitable organisations in the community by roving Monte Carlo casinos. With the discontinuation of the Monte Carlo events early in 1998, a number of local charities lost revenue that provided them the capacity to offer services. The substitute fund offered 1.2 million dollars for Hamilton organisations alone. Another 1 million dollars was provided to the smaller municipalities in Hamilton-Wentworth to support services in those localities. In Hamilton there were nearly 50 organisations which had made an application for an allocation from the local fund for financial support.
- Revenue generated by a local permanent casino would be used to benefit local charities and associations. At this time it is not clear exactly which organisations would receive funding support from this source. Nor is it clear whether or not this funding source would provide stable long term funding for a select few programs and services as opposed to other funding options.
- As problems develop they may first register a toll on the workplace. Problem gamblers show higher than average rates of lateness, absenteeism, low productivity and crimes against employers such as forgery, embezzlement and fraud. Drawing on estimates from the United States the total social costs to society from problem gamblers could range from \$34 million to \$93 million annually.
- There is scant evidence of an increase in criminal activity associated with the operation of a casino.
- In Hamilton, the precise impact a permanent casino would have on policing services is not well known. The Hamilton-Wentworth Police Department would anticipate a need for additional officers initially to patrol the area around a casino. The service requirements would be adjusted over time as conditions warrant.

- Estimates of service costs for the Alcohol, Drug and Gambling Services of Hamilton-Wentworth in responding to problem gambling behaviour of a presenting individual are based on estimates noted in correspondence from Grant Corbett, Program Manager, ADGS of Hamilton-Wentworth, January 21, 1999. These estimates indicate that one clinical social worker can attend to 245 cases annually. At a cost of \$247 per case the cost for providing assessment and treatment services to problem gamblers would vary between a low of approximately \$650,000 annually and a high of approximately \$1,453,000 annually.
- The results of this estimating procedure suggest that even when we use the most conservative estimates for prevalence of the problem gambling population and smallest number of people around them that are likely to be affected, a population of over 26,000 will experience stress or difficulties. The high estimate indicates that as many as 89,000 people could be negatively affected by problem gambling behaviours by someone near to them.

The potential financial viability of a permanent casino in Hamilton has been eroded by the expected permanent casino in Brantford and by the allocation of large numbers of slot machines to two local raceways. While a small permanent casino may still be profitable, its economic impacts will be circumscribed by its size but its social impacts may not be sensitive to size.

This study sheds valuable light on the complex issues of establishing a permanent casino in the community and provides sufficient data and analysis to help focus the debate on the benefits and costs of a prospective casino. The ultimate decision rests with the people of Hamilton.



# INTRODUCTION

There is hardly an issue that is more complicated than casino gambling and its social and economic impacts. For years, the issue has been debated with very little objective and reliable data available on the subject. There are many published reports, but groups who have a vested interest for either or against gambling have sponsored most of them. The results of these reports were often used as much for public-relations purposes as for serious academic research.

It is our hope that this report is different. We have no vested interest in a permanent casino in Hamilton. It is our objective to research this area objectively and dispassionately. Our aim is to evaluate and assess the economic and social impacts of a possible charity casino in Hamilton in order to allow the City administration to gain a proactive view of what to expect and what not to expect from this venture.

More specifically, Econometric Research Limited and the Social Planning and Research Council are retained by the City of Hamilton to:

- Estimate the economic benefits and social costs to the community from the introduction of a permanent casino.
- Evaluate the financial viability and market potential of the new venue under alternative competition scenarios.
- Outline and evaluate the social opportunities and costs to the residents of the City and the clients of the charity casino.

The detailed assessment of economic opportunities and costs addressed the following:

- The impact on other entertainment facilities such as theatres, the Convention Centre and Copps Coliseum.
- The The potential number of new tourists that the permanent casino may draw to the City.
- The agglomeration and backwash effects on other types of businesses.
- The positive and negative impacts on other existing local businesses (the cannibalisation or substitution effect).
- The impact on local charities and the extent to which gaming revenues contribute to their performance.
- The impact on other gaming activities in the region.
- The impact on municipal costs and revenues.

As well, the assessment of social opportunities and costs addressed the following issues:

- The relationship between increased availability of gambling and the increase in the number of problem gamblers.
- The impact of gambling on the families, friends, employers, etc. of gamblers.
- The impact of local gambling on the health care system.
- The impact on crime in the City and particularly the downtown area.

- The impact on the surrounding area in terms of traffic, noise and pollution.

While it is not difficult to quantify the economic benefits that arise from the establishment of a local permanent casino, social costs are far more difficult to quantify. Our approach involved the search of the available literature, the use of comparable evidence and narratives in other communities, and extensive local interviews with local organisations in the field.

Wherever it was meaningful and possible, we made some preliminary estimates of the expected social costs possible. These are benchmark figures that we tender for comparison purposes.





## 2.0 BACKGROUND

The gaming industry in Canada has witnessed explosive growth in the past two decades. In 1992, more than 69% of Canadian households bought government-run lottery tickets and spent an average of \$225 annually. According to provincial and regional lottery corporations, gross revenues from lottery sales in 1994/95 fiscal year exceeded \$5 billion. Actually, revenues from gaming for provincial governments in Canada have been increasing since 1969; the most pronounced increases occurring in the last decade. In 1995, net revenues of provincial governments from gaming activities were four times that of 1985. While in 1985 net gaming revenues were only 1.7% of the total received from taxes and investment incomes for all provincial governments, by 1995, this proportion has increased to 3.8%. Furthermore, Statistics Canada reports that direct employment in the gambling industry increased from 6,000 in 1984 to 24,000 in 1995.

This growth is not likely to continue as the market is saturated with many competing alternatives and venues. There is considerable evidence that suggests that gaming revenues decline as the market becomes crowded. While it is not true that there is a fixed amount of entertainment dollars that the various venues and activities compete for, there is still a good chance that competitive forces will drive revenues down at each location and for each activity. This experience has been particularly evident in many United States communities in the South and the Mid West. Early entrants reaped huge profits that attracted new entrants that were ultimately forced to share the market with the old establishments, driving a few of them to bankruptcy.

The intention of the Ontario government to license immediately four new permanent casinos and to allocate a large number of Slot Machines to racetracks has raised the possibility that other venues may develop and that some of them will impinge on other existing gaming venues. The obvious consequence of this proliferation is that the profitability and financial viability of every venue is no longer guaranteed. In such circumstances it becomes necessary that the feasibility of each venue must be ascertained carefully.

Revenues at each venue must be estimated using standard market analysis techniques and costs should be compared and benchmarked against standard industry norms.

Gaming establishments bring with them the promise of large benefits and the risk of significant social costs. One of the most attractive promises offered by casinos is that of job creation. New jobs will indeed be welcomed by Hamilton, but their nature (incremental jobs or redistributed jobs), composition (services or in other sectors), type (line or management), duration (full-time or part-time), and level of pay are equally crucial factors in evaluating these promised benefits. The new jobs may not be restricted to the venue. Other jobs could also be created outside the casino. These jobs would depend on how the new employees spend their money in the community, on the numbers and proportions of patrons that are new tourists, and the extent to which the casino would buy inputs from local businesses. These benefits will also depend on location of the venue, level and intensity of competition from other venues, the services and products they offer to their clients on-site, and the capacity and willingness of the local business community to relate its activities to the new venue. The level of these promised benefits is directly proportional to the financial viability of the enterprise.

On the other hand, there is considerable research that also suggests that the more available and accessible gambling is, and the longer it has been available, the higher the rate of problem and compulsive gambling. Problem gamblers impose costs on other people and institutions. Some research suggests that each pathological gambler affects between 10 and 17 individuals including spouse, children, extended family, employer, employees, clients, consumers, creditors, social agencies and other insurance agencies. There are other social costs to deal with besides those of problem gamblers. In both historical fact and popular image, crime and prostitution have a long association with casino gambling. In recent years, however, government regulation, direct involvement and the massive entry into the industry of publicly traded companies have changed casino gambling from a largely organized crime controlled activity to a high-profile corporate entertainment business. Even when the industry is heavily regulated and "squeaky clean", there are still additional costs associated with policing, oversight, traffic congestion, noise and pollution. The introduction of gambling has invariably meant that the police are generally busier than normal.

It is in the nature of the business and the attraction of transient visitors that burglary, fraud, and drunken driving have been noted to increase.

In May of 1996, Finance Minister Ernie Eves announced the Ontario Government's decision to permit a limited number of permanent charity gaming clubs (charity casinos) in the province. These permanent clubs were intended to replace "roving" Monte Carlo casinos that will no longer be permitted to operate after March 31, 1998. This replacement of "roving" charity casinos with permanent charity gaming clubs in the province was alleged to not only improve the integrity of the industry and its accountability, but also to optimise the revenues of local charities and local governments. Furthermore, the new clubs were intended to broaden the entertainment menu in local communities, to improve access and the balance of opportunities for charities and citizens. In the process, the new permanent clubs were expected to generate new jobs and incomes for local residents and to augment the tax base for the local governments and the provincial government. Their contributions to the local economy were hoped to go beyond the immediate and direct expenditures at the site. The hope was that the indirect and induced impacts would be larger than their direct contributions to the local economy. This was based on the presumption that secondary suppliers could expand their operations to meet the new demands that would be created by the charity casinos and as the new incomes paid to the newly hired workers would be spent in the local economy.

Any municipality had the right to refuse to have a charity gaming club in its community and the provincial government declared that it would respect such a decision. The new charity casinos were intended by the province to be small but tasteful operations, which blend in well with the host community. The municipalities were given considerable control over the venue and related uses of the site through their negotiations with the proponent. The charity casinos were intended to be not only smaller than the commercial casinos in Windsor, Niagara Falls and Orillia, they would also have smaller betting limits and would have a mandatory charity component.

The government plan was that these charity casinos would be regulated by the Ontario Alcohol and Gaming Control Commission and would be subject to strict controls in terms of oversight, training and betting limits.

Popular opposition to these casinos mounted and the government changed its program. Instead of the 44 charity casinos only 4 permanent casinos would be licensed, one in each of Brantford, Sarnia (Port Edwards), Sault Ste. Marie and Thunder Bay. They will be operated under the supervision of the Ontario Lotto Corporation.

In December 1998, the Ontario government made good on its plan to install Slot Machines at racetracks. The plan allocates 750 Slots to each of Flamborough Downs and Mohawk raceways and 300 to Woodstock. They are supposed to begin operation in the spring of 1999. All of these raceways are located in the catchment area of any prospective casino in Hamilton. At the same time, an OMB hearing on an appeal by St. Leonard's Society of Brant, Brantford Charities Bingo Palace and several Brantford residents ruled in favour of the zoning by-law amendment by the City of Brantford to allow the development of a charity casino. This cleared the way for the initiation of a casino in Brantford in 1999.



## 3.0 SCOPE AND APPROACH

The study explores three major aspects of establishing a permanent casino in Hamilton. These include:

- Financial viability,
- Economic impacts and
- Social impacts.

Each of these aspects has its own specific requirements, challenges and opportunities and although they are inter-linked, each has a specific core that differentiates it from the other components and therefore warrants a separate treatment.

### 3.1 Financial Viability

The first aspect relates to the financial viability of the expected venue. This depends on the local gambling base and on the capacity of the venue to attract visitors from outside the City. In turn the local gambling base depends on the following factors

- the population base within a 40 km driving distance from the venue,
- the proportion of adults in this population base (19 years and older),
- the propensity of the adult population to engage in gaming,
- the frequency of gambling,
- the average win per visit,
- the intensity of competition.

Each of these variables is determined by a host of specific factors. For example, the propensity to gamble is typically determined by the average household income in the community, its age structure, and many other socio-economic attributes including its ethnic mix, the occupational composition of its labour force and the educational attainment of its residents. The frequency of visitation is determined by lifestyle variables, ease of access to the venue, the existence or lack of alternative local entertainment activities, etc.

Census data collected by Statistics Canada was used to identify the population base defining the market area for the venue. The same data files also identify the socio-economic characteristics of the population base in the market area. It is these characteristics that we used to estimate the expected propensity and frequency to gamble.

Three different competitive scenarios were constructed to assess the sensitivity of the revenue estimates to different levels, modalities and intensities of competition. First, a highly competitive scenario was constructed that involved the presence of other permanent casinos in neighbouring communities, Slot Machines in racetracks within or close to the community and a limited gambling base in the region. The purpose of this scenario is to outline the downside risks of the venue under consideration. Alternatively, a non-competitive scenario was constructed to underscore the upper limits on gaming revenues. This involved limited competition from other gaming venues and a larger gaming base in the community. A third scenario (Medium Scenario) was constructed to represent the average of these two extremes and deemed to represent the most likely outcome.

### **3.2 - Economic Impact**

The second aspect relates to the economic impacts of the permanent casino. This involved assessing the nature and the way the new casino relates to the local economic base. The new venue is expected to relate to the local economy in five distinct ways. First, it acts as a major employer. Second, it purchases inputs from the local economy.

Third, it diverts expenditures away from other venues (substitution effect). Fourth, it attracts and supports ancillary and complementary activities (agglomeration effect). Fifth, it attracts new money into the local economy (export creation) or it retains resources that would otherwise be spent outside the community (import replacement).

The economic impacts are not restricted to the original effects (direct effects). A dollar spent on either the construction or operation of a charity casino circulates and re-circulates within the economy, multiplying the effects of the original expenditures on overall economic activity. This process is referred to as the economic multiplier effect. It operates at several levels. The initial construction or operation expenditures on wages and materials are generally referred to as the direct costs and their effects are referred to as the initial (direct) effects. Subsequent purchases by suppliers of materials and services (paint, wood, energy, etc.) to sustain the original and derivative expenditures are called the indirect effects. Induced effects emerge when workers in the sectors stimulated by initial and indirect expenditures spend their additional incomes on consumer goods and services (food, beverages, clothing, etc.). The circulation and re-circulation of impacts are contingent, however, on local sourcing of materials and on the maturity and diversity of the local economic base. To the extent that imports are purchased, the circulation process is aborted. Moreover, the less diverse and incomplete the local industrial base, the less the local community is likely to retain and capture spin-off effects of the original expenditures.

Person-years associated with the project expenditures represent additional or incremental employment if, and only if, the economy is operating with excess capacity, unemployment and slack in critical sectors, and there exists no apparent bottlenecks anywhere in the economy. The economy of Hamilton is a well-diversified economy with sufficient economic capacity. Therefore, the construction or renovation investment and/or the operation expenditures of the permanent casino are deemed to be relatively small and are not likely to crowd-out other investments.

Typically every project passes through two phases-- a construction phase and an operation phase. Construction activity is generally concentrated in space and time. Employment generation during this phase is temporary and often non-sustainable.

It is not easy to translate person-years into jobs. Our preference is to avoid using any arbitrary conversion and to simply distinguish between construction (capital) and operating employment, the former being temporary and non-sustainable, whereas the latter is more likely to be recurrent and sustainable. Under the operating phase it is not difficult to claim that the person years associated with the operating expenditures sustain jobs. It is totally unjustified to claim the same under the construction phase, particularly when the construction expenditures are lumpy and bunched together. Person years of employment refer to full time job equivalents; they are not to be confused with the number of jobs.

Economic impact analysis is a useful mathematical tool capable of quantifying the patterns and magnitudes of interdependence among sectors and activities. It is different from cost/benefit analysis to the extent that it does not evaluate alternatives and does not assign value to the primary objectives and functions of the project. It is predicated on two fundamental propositions.

- First, regardless of the inherent value of primary activities such as recreation or entertainment, to the extent to which projects involve the use of scarce resources they generate economic consequences that can be measured and compared.
- Second, economic impacts are only partially captured by assessing direct expenditures. Inasmuch as the economy is a complex whole of interdependent and interacting activities, there are some significant indirect and induced impacts associated with every direct expenditure. These indirect and induced impacts are often larger than the direct impacts.

### **3.2.1 The Impact Model**

The impact model used here is a special application of a generic model developed by us. It is a unique model that captures the economic impact of investment projects and activities' expenditures at the local level (counties or economic regions), the provincial level (Ontario) and the national level.



The model is based on a novel technology that integrates input-output analysis and location theory. The system has already been applied to the study of The Economic Impact of Tourism in Niagara Falls, The National Frigate Program, several airports in Ontario, Alberta Tourism Projects, The Ontario Provincial Parks System, Transportation Capital Projects in Ontario, Waste Management Activities in Ontario, the Great Whale Project in Quebec, the Economic Value of Universities in Ontario and to several economic impact studies of casinos in Ontario, Alberta and Nova Scotia.

Generally, the economic impact of activities is measured from the demand side by considering the expenditures associated with the activity in the local area. Only rarely has this analysis been made from the supply-side by considering the operations of casinos and establishments. The system adopted here measures impact from the supply side. Our main motivation for such an emphasis on the supply-side is based, in part, on the structure of data and on our findings in several applications that the two sides may be made to reconcile to a very small difference.

### 3.2.2 Economic Impact Measures

Economic impact may be measured using a number of indicators, each measuring a different aspect of this impact. For example, gross output includes the total value of goods and services sold by businesses to sustain the project's operations. Direct sales include the value of goods and services bought for on-site operations but exclude taxes, depreciation, wages and salaries and net profits. Total sales represent the entire turnover of goods and services needed to sustain the activity. The limitation of this measure is that, by including the sales of both inputs and outputs, it double counts a certain amount of economic activity. For example, the sale of dressed wood to a furniture manufacturer is counted as is the selling of chairs that results.

In contrast, value added avoids double counting of products sold during the accounting period by including only final goods. For instance, only chairs are included, whereas the wood that goes into making them does not appear separately.



Total value added is the equivalent of Gross Provincial Product (GPP). It may be calculated by adding wages, interest, rent and profits or by subtracting the total cost of purchased inputs from revenues.

Since there is no reason to expect a one-to-one correspondence between value added and jobs, employment measures become a necessary addition. Different industries exhibit different labour intensities and employ different grades of labour; hence they generate different employment impacts per unit of output. Further, because compensation levels (wage rates) vary by sector and from place to place, it is important to include as impact measures both person- years of employment and employment income.

Another measure of impact is the amount of tax revenue generated as a result of investment in a project. Tax revenues associated with different activity levels measure the relationship of government to the economy. Since more than one level of government collects taxes (and each level collects an assortment of different taxes), federal, provincial and local tax impacts are itemised separately.

Our impact results presented below make use of all of these measures. Occasionally we make reference to other measures, but these will be defined in situ.

### **3.3 - Social Impacts**

The impact measures are not restricted to the economic sphere. Equally important are measures of social impacts, particularly on families and vulnerable groups. These impacts are more difficult to quantify, but the difficulty in measuring them does not justify that we do not try to assess and evaluate their impacts. Below we describe the issues and measures of social impacts we have addressed in this study.

A variety of gaming activities have been available in the City of Hamilton. These include bingo, off-track betting, lottery tickets and until recently roving casinos. The extent to which a permanent charity casino alters the pattern of availability of gaming alternatives is reviewed with an eye on its impact on the compulsive gambling problem. Our research examined the relationship between the availability of gambling and the rates of problem gambling.

Research also indicates that the extent of problem gambling varies according to age, gender, marital status and even income of the population that has access to gaming services. This study profiles the population that could be expected to use the charity casino and generates estimates of the incidence of problem gambling that can be anticipated.

Problem gambling has an impact on the lives of individuals that exhibit addictive behaviour and has a bearing on others associated with the individual including spouse, children, and extended family members. In addition, these behaviours tend to affect work and business related interests of the family and community. Research on these potential impacts was reviewed to provide a more complete profile of the potential impacts of pathological behaviours that typically result from problem gambling.

Treatment programs are available in the Hamilton area for problem gamblers. An inventory of those services, their cost and information evaluating the impact of their services, was reviewed. The cost of these services and those providing response to the needs of family members also affected was inventoried and reviewed. The current utilisation rates and costs of these services was then used in combination with estimates of change in problem gambling rates with access to a permanent charity casino in Hamilton to arrive at estimates of new costs to the health care system.

We also reviewed the literature that examines crime rates associated with gambling. The criminal behaviour reviewed included anticipated changes in burglary, drunken driving, spousal assaults, incidence of domestic violence, sex trade crimes and organised criminal activity related to the introduction of casino gambling.

Estimates of criminal activity in the literature appear to vary according to the population expected to use a permanent charity casino. For example, criminal activity associated with a primarily resident population using a casino may be different from the activity that may be experienced if the population using the casino was to any significant extent transient or a visitor population. As a result our estimates of change in crime rate are related to the different utilisation patterns identified in our three scenarios.

We have tried to relate the estimated increase in criminal activity to the need for a corresponding increase in police personnel and equipment in order to respond to a change in demand for these services. Qualitative estimates of these additional costs for police services are reviewed and discussed.

A permanent casino that operates twenty-four hours each day, seven days per week will have an impact on the surrounding area. Literature on the experience of other communities combined with the expertise of local planning authorities was assembled to help us assess impacts of change in terms of vehicle and pedestrian traffic, parking, noise, housing stock and values and demand on other local services and utilities.

## 4.0 FINANCIAL VIABILITY

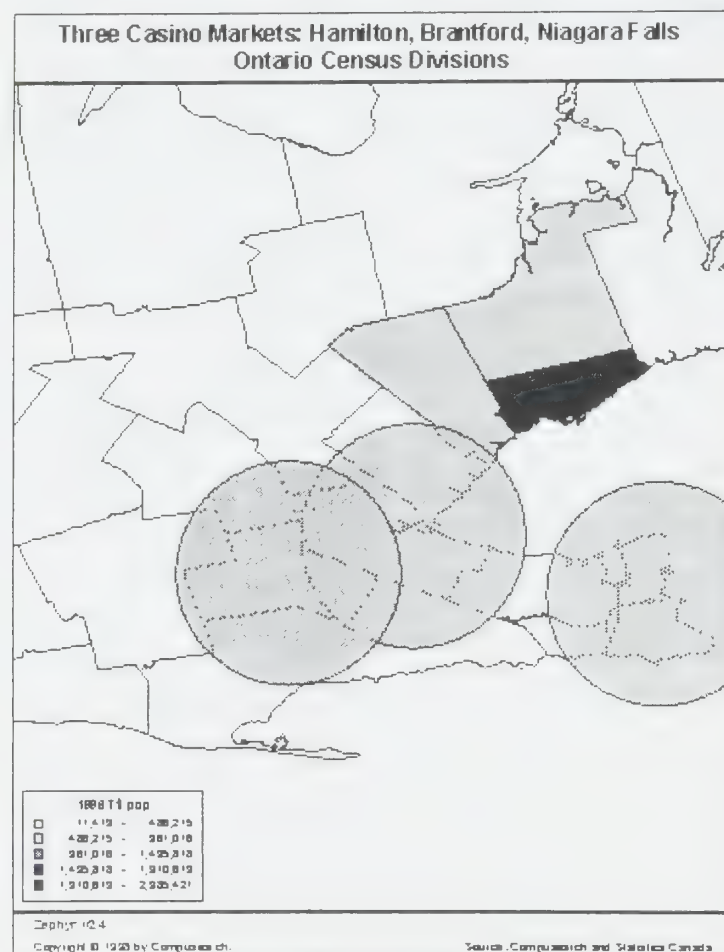
The three major aspects discussed above organise the presentation of results. We begin with an assessment of the prospective market and issues of financial viability. Translating the financial performance indicators into economic impacts follows this. We end with a discussion of the social impacts.

### 4.1 The Expected Market

Gaming revenues in the Hamilton market were estimated using standard market analysis and market norms collected by ERL through its extensive engagements in studies of the gaming industry in Ontario and other provinces. Wherever it was deemed reasonable, we used the same parameters used by Coopers & Lybrand to define Ontario Charity Gaming Club Project.

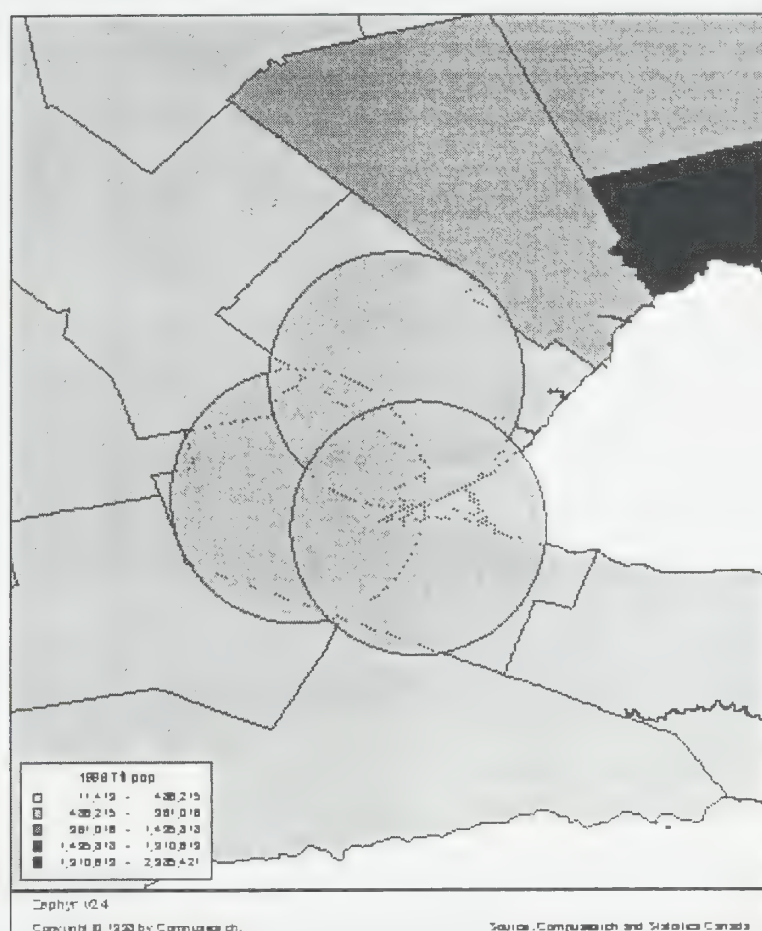
Census data collected by Statistics Canada was used to identify the population base defining the market area for the venue in 1996. This market area was assumed to include three basic rings. The first ring was defined to enclose the area within the City of Hamilton with a centroid defined by the venue's location in downtown Hamilton. This ring does not intersect in any substantial way with other local gaming markets. The second ring encloses the area defined by Hamilton-Wentworth Regional Municipality. The third ring encloses a highly competitive market within a 40 km radius around the downtown centroid. It is within this ring that other gaming venues are likely to compete with the Hamilton venue. We could have included a fourth ring bounded by a market area that encloses a catchment area within 40 and 80 km. This ring would enclose an area that is roughly an hour driving distance from the venue in Hamilton. While it is reasonable to believe that patrons will travel these distances to gamble at Hamilton, potential visitors from this region were not included as part of the overall market of the Hamilton permanent casino. On the other hand, the potential market for a Hamilton based permanent casino includes tourists from the United States, from other Ontario locations beyond 40 km, other provinces and overseas.

In the map below, we present three concentric circles with 40 km radius around centroids defined for Casino Hamilton, Casino Brantford and Casino Niagara. It is clear that there is a wide intersection between Casino Hamilton and Casino Brantford markets. It would take a concentric circle of larger than 40 km radius around Casino Niagara before it intersects with the market area for Casino Hamilton. On the other hand, Casino Hamilton market area intersects with the market areas for both Mohawk and Flamborough Raceways, even within a 20 km radius concentric circles as can easily be seen from the map below.





### Three Concentric Circles of 20 km Radius Around Mohawk and Flamborough Raceways and Casino Hamilton.



The Geographic Information System used above contained data files that profiled the socio-economic characteristics of the population base in these market areas. These characteristics were used to estimate the expected propensity, frequency to gamble, win and capture rates for Casino Hamilton.

Five tables and four figures were constructed to present the results of the estimation exercise. Table 1 presents the potential gaming market in the Hamilton area under a high competition scenario (Low Scenario) and Table 2 presents a condensed version of Table 1 results and the weighted averages of the key gaming parameters. Tables 3 and 4 present similar results under a low competition scenario (High Scenario).

Table 5 summarizes the results and introduces a number of strategic variables and their magnitudes such as the potential supportable number of slot machines and tables in the market and introduces the medium scenario which is calculated as the average of the low and high scenarios.

These magnitudes are then used as benchmarks to define and evaluate the share of a charity casino in Hamilton within this market. Figures 1 through 4 present the breakdown of visits and gaming revenues by visitor origin.

The results in the tables were generated on the basis of a number of assumptions that define the nature of the calculations and the projected estimation of gaming revenues, supportable tables and slot machines. These include the following:

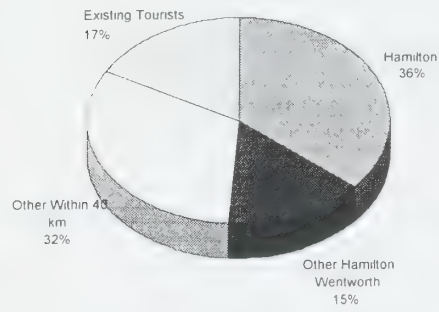
- Rural areas were assigned lower propensity to gamble than urban areas.
- Visitors from distant areas were assumed to have higher win levels than those from the local community. They tend to stay longer at the venue and are typically from higher income households.
- Capture rates were used to quantify the degree of competition for gaming revenue inside and outside the rings; these were also assumed to fall with distance from the venue, particularly where they fall within intersecting rings of other gaming venues.
- Frequency of gambling was assumed to be higher for rings with higher household incomes and older populations.
- Win levels were also assumed to be higher for communities with higher household incomes and richer ethnic mixes.
- Those that travel by automobile or plane were assumed to spend more at the venue than those that come by bus do. Organised bus tours bring typically bring visitors with well-defined and limited gaming budgets.
- Gaming revenues were split 60-40 between slot machines and tables.
- Overnight visitors were assumed to have a higher frequency of visitation and higher wins than day visitors.
- Tourists were assumed to have lower propensity to gamble than resident gamblers.

The following results emerged:

- We estimate the total number of visits to exceed 972,803 under the medium scenario. This estimate falls between a low of 612,336 visits and a high of 1,333,271.
- The estimated total gaming revenue of the market varies between a low of \$23.2 million and a high of \$60.1 million.
- The total number of slot machines that the market can sustain is estimated to fall between 298 and 770 with an average value of 534 machines.
- The average number of supportable tables is estimated at 34 tables with a low of 19 and a high of 49.
- The average win is calculated to exceed \$42.
- The residential Hamilton population accounts for 36% of the visits and 35% of the gaming revenues under the low scenario and 36% of the visits but 32% of the gaming revenues under the high scenario. Residents within the Regional Municipality of Hamilton-Wentworth are estimated to account for 51% of the visits and 50% of the gaming revenues under the low scenario and 50% of the visits and 48% of the gaming revenues under the high scenario. Tourists from the US, overseas and Canada will account for 17% of the visits and 16% of the gaming revenues under the low scenario and 14% of visits and 14% of gaming revenues under the high scenario.

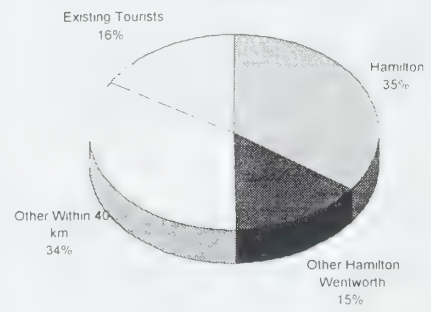
**Figure 1**

**Visitations by Origin of Visitors,  
Low Scenario**



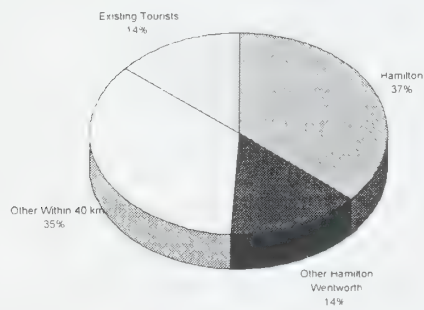
**Figure 2**

**Gaming Revenues by Origin of Visitors,  
Low Scenario**



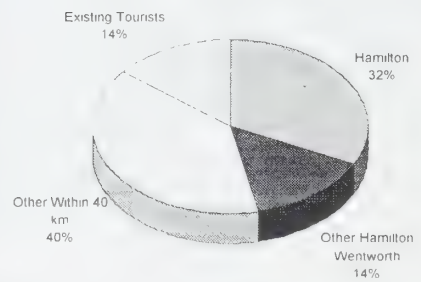
**Figure 3**

**Visitations by Origin of Visitors,  
High Scenario**



**Figure 4**

**Gaming Revenues by Origin of Visitors,  
Low Scenario**



**Table 1**  
**Casino Market Potential: Hamilton**  
**Low Scenario**

	Residential Population			Existing Tourists(per trips)		
	Hamilton	Other Hamilton-Wentworth	Other Within 40 km	Overnight Visitors	Day Visitors	Total Visitors
Total Adult Population	245,330	105,685	392,208	593,400	2,575,567	3,168,967
Propensity to Gamble(%age)	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Total Gaming Population	61,333	26,421	98,052	148,350	643,892	792,242
Average Num. of Visits Per Year	6	7	8	1.3	1	1.13
Capture Rate	60.00%	50.00%	25.00%	20.00%	10.00%	13.00%
Total Gaming visits	220,797	92,474	196,104	38,571	64,389	102,960
Mode of Arrival						
Auto(%age)	90%	75%	70%	70%	80%	
Bus(%age)	10%	25%	30%	20%	15%	
Air(%age)	0%	0%	0%	10%	5%	
Win Per Visit						
Auto(\$)	\$37	\$37	\$40	\$45	\$30	
Bus(\$)	\$37	\$37	\$40	\$45	\$30	
Air(\$)				\$75	\$45	
Total Gaming Revenue	\$7,352,540	\$2,566,164	\$5,490,912	\$1,214,987	\$1,545,340	\$2,760,327
Bus(\$)	\$816,949	\$855,388	\$2,353,248	\$347,139	\$289,751	\$636,890
Air(\$)	\$0	\$0	\$0	\$289,283	\$144,876	\$434,158
TOTAL REVENUE	\$8,169,489	\$3,421,552	\$7,844,160	\$1,851,408	\$1,979,967	\$3,831,375

Source: Econometric Research Limited

**Table 2**  
**Casino Market Potential: Hamilton**  
**Low Scenario**  
**Summary Results**

GAMING VISITS BY ZONE	Persons	Percent
Hamilton	220,797	36%
Other Hamilton Wentworth	92,474	15%
Other Within 40 km	196,104	32%
Existing Tourists	102,960	17%
TOTAL VISITS ALL ZONES	612,336	100%
REVENUE BY ZONES	Dollars	Percent
Hamilton	\$8,169,489	35%
Other Hamilton Wentworth	\$3,421,552	15%
Other Within 40 km	\$7,844,160	34%
Existing Tourists	\$3,831,375	16%
TOTAL REVENUES ALL ZONES	\$23,266,576	100%
AVERAGE WIN BY ZONES	Dollars	
Hamilton	\$37	
Other Hamilton Wentworth	\$37	
Other Within 40 km	\$40	
Existing Tourists	\$37	
AVERAGE WIN ALL ZONES	\$38	

Source: Econometric Research Limited



**Table 3**  
**Casino Market Potential: Hamilton**  
**High Scenario**

	Residential Population			Existing Tourists(per trips)		
	Hamilton	Other Hamilton-Wentworth	Other Within 40 km	Overnight Visitors	Day Visitors	Total Visitors
Total Adult Population	245,330	105,685	392,208	593,400	2,575,567	3,168,967
Propensity to Gamble(%age)	33.00%	30.00%	30.00%	25.00%	25.00%	25.00%
Total Gaming Population	80,959	31,706	117,662	148,350	643,892	792,242
Average Num. of Visits Per Year	8	10	10	1.3	1	1.24
Capture Rate	75.00%	60.00%	40.00%	30.00%	20.00%	23.56%
Total Gaming visits	485,753	190,233	470,650	57,857	128,778	186,635
Mode of Arrival						
Auto(%age)	90%	75%	70%	70%	80%	
Bus(%age)	10%	25%	30%	20%	15%	
Air(%age)	0%	0%	0%	10%	5%	
Win Per Visit						
Auto(\$)	\$40	\$45	\$50	\$50	\$40	
Bus(\$)	\$40	\$45	\$50	\$50	\$40	
Air(\$)				\$100	\$75	
otal Gaming evenue						
Auto(\$)	\$17,487,122	\$6,420,364	\$16,472,736	\$2,024,978	\$4,120,908	\$6,145,885
Bus(\$)	\$1,943,014	\$2,140,121	\$7,059,744	\$578,565	\$772,670	\$1,351,235
Air(\$)	\$0	\$0	\$0	\$578,565	\$482,919	\$1,061,484
<b>TOTAL REVENUE</b>	<b>\$19,430,136</b>	<b>\$8,560,485</b>	<b>\$23,532,480</b>	<b>\$3,182,108</b>	<b>\$5,376,497</b>	<b>\$8,558,604</b>

Source: Econometric Research Limited

**Table 4**  
**Casino Market Potential: Hamilton**  
**High Scenario**  
**Summary Results**

GAMING VISITS BY ZONE	Persons	Percent
Hamilton	485,753	36%
Other Hamilton Wentworth	190,233	14%
Other Within 40 km	470,650	35%
Existing Tourists	186,635	14%
<b>TOTAL VISITS ALL ZONES</b>	<b>1,333,271</b>	<b>100%</b>
REVENUE BY ZONES	Dollars	Percent
Hamilton	\$19,430,136	32%
Other Hamilton Wentworth	\$8,560,485	14%
Other Within 40 km	\$23,532,480	39%
Existing Tourists	\$8,558,604	14%
<b>TOTAL REVENUES ALL ZONES</b>	<b>\$60,081,705</b>	<b>100%</b>
AVERAGE WIN BY ZONES	Dollars	
Hamilton	\$40	
Other Hamilton Wentworth	\$45	
Other Within 40 km	\$50	
Existing Tourists	\$46	
<b>AVERAGE WIN ALL ZONES</b>	<b>\$45</b>	

Source: Econometric Research Limited

**Table 5**  
**Gaming Revenues, Visitations, Average Win, Size,**  
**Slots and Tables Under Alternative Scenarios: A Summary**  
**Hamilton**  
(in 1999 Dollars)

	Competitive Scenario		
	Low	Medium	High
Total Visits	612,336	972,803	1,333,271
Visits Per Day	1,678	2,665	3,653
Total Gaming Revenue	\$23,266,576	\$41,674,141	\$60,081,705
Average Win	\$38	\$42	\$45
Total Number of Supportable Slots	298	534	770
Total Slot Machines Revenue	\$16,286,603	\$29,171,898	\$42,057,194
Revenue per Slot Machine	\$54,600	\$54,600	\$54,600
Total Number of Supportable Tables	19	34	49
Total Table Revenue	\$6,979,973	\$12,502,242	\$18,024,512
Revenue per Table	\$365,000	\$365,000	\$365,000

Source: Econometric Research Limited

## 4.2 The Gaming Market in Hamilton

The proposed casino in Hamilton will have to rely on the Regional Municipality residents for almost 50% of its gaming revenues. Where will this money come from? Statistics Canada has kept records of household expenditures on games of chance in Canada for many years as part of its Family Expenditure Surveys. In Table 6, we present data on the average household expenditures on games of chance for both Canada and Ontario for selective years between 1982 and 1996 in current and constant 1992 dollars. It is clear from the figures in Table 6, average household expenditures, in constant 1992 dollars, in Canada on games of chance remained relatively stable between 1982 and 1992. A large increase is recorded in 1996 in Canada and in Ontario. This increase represents an almost doubling of these expenditures between 1992 and 1996. This large increase in expenditures at a time when the economic recovery in Canada was still fledgling is indicative of greater interest of households in gaming activity and probably greater opportunities to gamble provided by the new commercial casinos.

This is all the more relevant when we recognise that the average figures above include many households that do not spend any money on games of chance. In other words, households that spend on games of chance are probably spending far more than the average figures above would indicate.

**Table 6**  
**Household Games of Chance Expenses**  
**In Canada and Ontario**

Year	Canada	
	Total Expenditures (Current Dollars)	Total Expenditures (1992 Dollars)
1982	\$101	\$158
1984	\$133	\$187
1986	\$146	\$188
1990	\$154	\$163
1992	\$155	\$155
1996	\$264	\$249
Ontario		
1996	\$262	\$247

Source: Statistics Canada CAT. #62-555 and #62-553

In Table 7, we present the distribution of these expenditures on games of chance by type of activity. These averages are not directly useful in quantifying expenditures at casinos because they are not representative of the gaming population in general and of Hamilton in particular. These averages are calculated for the entire population of Canada or Ontario. Given that only a fraction of the total number of household engage in gaming, the magnitudes represent gross under estimates of these households' actual expenditures. Nonetheless, they offer a good overall indicator of the size of the gaming pie in Canada or Ontario.

Among the most interesting observations that emerge from the data in Table 7 are the following:

- The largest share of household gaming expenditures is on government run pool and lottery tickets.
- Expenditures on casinos and slot machines claim only a quarter of total household gaming expenditures in Canada and even less in Ontario.
- Bingo games show higher shares in household gaming expenditures than casinos.

**Table 7**  
**Household Expenditures on Games of Chance**  
**1982-1996**

(Current Dollars)

Year	Government Run Pool/ Lottery Tickets	Casinos Slot Machines	Canada Bingos	Non-Government Lottery and Raffle Tickets	Total
1982	\$90			\$11	\$101
1984	\$133				\$133
1986	\$146				\$146
1990	\$154				\$154
1992	\$155				\$155
1996	\$176	\$60	\$82	\$27	\$345
<b>Ontario</b>					
1996	\$168	\$50	\$100	\$32	\$350

Source: Statistics Canada CAT. #62-555

Cross classifying household gaming expenditures by income levels reveals more interesting observations about the relationship of gaming expenditures and preferences of households and their income level.



The results in Table 8 show clearly that households with lower average incomes tend to prefer the purchase of pool and lottery tickets and spending on bingo games. In 1996, higher income households showed strong preference for casinos by allocating to them a higher proportion of their gaming expenditures. Bingo games seem to attract expenditures from all income classes.

**Table 8**  
**Household Expenditures on Games of Chance**  
**By Income Group, Ontario,**

Current Dollars

Household Income	Government Run Pool/Lottery Tickets	Casinos Slot Machines	Bingos	Non-Government Lottery and Raffle Tickets	Total	Percent of Disposable Income
< \$15,000	\$77	\$18	\$53	\$7	\$155	1.03%
\$15,000-\$24,999	\$85	\$17	\$50	\$9	\$161	0.81%
\$25,000-34,999	\$139	\$17	\$65	\$18	\$239	0.80%
\$35,000-49,999	\$159	\$16	\$128	\$37	\$340	0.80%
\$50,000-\$69,999	\$208	\$105	\$78	\$39	\$430	0.72%
> \$70,000	\$227	\$70	\$148	\$54	\$499	0.71%
All Income Classes	\$168	\$50	\$100	\$32	\$350	-

Source: Statistics Canada CAT. #62-555

The overall gaming market in Hamilton was estimated using data on license fees for different gaming opportunities provided by the City of Hamilton and these were multiplied by the average ratio of total revenues to license fees obtained from the existing operations of the industry in Ontario. The results in Table 9, show that Nevada tickets raise over \$19 million in revenues, raffle tickets about \$700 thousand and Bingo games about \$45 million. The three gaming revenues add up to a total of about \$65 million. If we were to add the medium scenario estimates for casino win, the total annual gaming revenues in Hamilton would exceed \$105 million.

The information in Table 8 together with those in tables 10 and 11 were used to assign different participation rates in casino gambling and win values to the Hamilton market and those in neighbouring communities.

Differences in visitation frequencies were also based on the income distribution profiles of the market area and on several other socio-economic characteristics that included the level of education, the richness of the ethnic mix, levels of unemployment and the classification of the occupational structure of the local labour force.

**Table 9**  
**Gaming Revenues and Licenses**  
**In Hamilton, 1997-98**

	1997	1998
<b>Nevada</b>		
Revenues	\$19,857,718	\$19,302,562
License	\$419,421	\$407,695
<b>Raffle</b>		
Revenues	\$772,118	\$652,646
License	\$20,016	\$16,902
<b>Bingo</b>		
Revenues	\$46,195,803	\$43,064,828
License	\$998,108	\$930,453
<b>Total</b>		
Revenues	\$66,825,639	\$63,020,036
License	\$1,437,545	\$1,355,050

Source: License data provided by City of Hamilton and revenue data estimated by Econometric Research Limited

**Table 10**  
**Income Distribution in Hamilton and**  
**Hamilton-Wentworth Regional Municipality**

(Population 15+)

	Hamilton	Percentage Share	Hamilton-Wentworth	Percentage Share
Income < \$12,000	80,605	34.0%	109,815	32.1%
\$12,000 < Income < \$25,000	67,460	28.4%	91,095	26.6%
\$25,000 < Income < \$40,000	47,255	19.9%	68,750	20.1%
\$40,000 < Income < \$50,000	18,665	7.9%	28,740	8.4%
\$50,000 < Income < \$60,000	12,540	5.3%	21,225	6.2%
Income > \$60,000	10,815	4.6%	22,450	6.6%
Total	237,340	100.0%	342,075	100.0%

Source: Statistics Canada Census Data, 1996.

**Table 11**  
**Total Population by Ethnic Origin in Hamilton and**  
**Hamilton Wentworth Regional Municipality**

	Hamilton		Hamilton Wentworth Regional Municipality	
	Persons	Share	Persons	Share
Canadian	75,105	23.6%	112,920	24.4%
French	28,350	8.9%	38,840	8.4%
English	94,690	29.7%	144,980	31.3%
Italian	35,635	11.2%	52,825	11.4%
German	25,345	8.0%	40,805	8.8%
Scottish	60,160	18.9%	89,860	19.4%
Irish	45,850	14.4%	67,270	14.5%
East Indian	4,730	1.5%	6,855	1.5%
Chinese	5,580	1.8%	6,695	1.4%
North American Indian	6,615	2.1%	8,005	1.7%
Ukrainian	10,835	3.4%	16,440	3.6%
Dutch	11,215	3.5%	21,920	4.7%
Polish	15,790	5.0%	23,240	5.0%
Portugese	9,580	3.0%	10,905	2.4%
Other	110,890	34.8%	179,005	38.7%
Total	318,590	100.0%	462,555	100.0%

Source: Statistics Canada Census Data, 1996

## 5.0 THE ECONOMIC IMPACT RESULTS

The capacity of a local community to capture the economic spin-offs from local projects depends on a number of factors. The most important of these factors relate to the maturity, diversity and dynamism of the local economic base and the proportion of demand that is directed to local producers. The local economic base is generally determined by the constellation of industries and activities that operate in the local economy while local sourcing depends also on the entrepreneurial drive of local business and their ability to respond to the new demands created by the new facility. It is to be expected that the same set of expenditures in different communities will generate different economic impacts. More impacts will be captured by more diverse and dynamic economies.

Both capital and operational impacts are presented. They are not additive because capital impacts are lumpy and occur in one year, whereas operational impacts are recurrent and generated every year for as long as the project is viable and operational.

Only the local impacts in Hamilton are discussed and presented below. Naturally, the local economy operates within the provincial and national economies and local impacts are part of the provincial and national impacts. The permanent casino in Hamilton will be a major activity in the local economy but is considered to be a relatively small project in the province. Thus our main focus of attention here is on the contribution of the proposed casino to the local economy.

### 5.1 Capital Impacts

The renovation, furnishing and equipping of the proposed permanent casino in Hamilton given the estimated gaming market under the medium scenario involves a total expenditure of \$6 million in 1998 prices. The development phase is expected to involve a very short period over which a total of about 48 person years of employment, \$4.4 million in value added, \$2.4 in labour income, and \$131 thousand in tax revenues are likely to be sustained by this activity in Hamilton.



The local economy is not expected to sustain most of the capital and development expenditures. A large part of these expenditures involves the purchase of gaming equipment, a good part of which will come from outside Ontario.

This explains the low figure of the induced employment. The local economy will still retain a good number of person years of employment (see Table 12.)

## **5.2 Operational Impacts**

A total revenue of \$41.7 million is likely to emerge from the operations of the Hamilton casino. Almost 50% of these revenues will come from visitors from outside the community. Unlike capital expenditures, operating revenues sustain permanent jobs and recurrent incomes in the local community. The total income of Hamilton can be expected to increase permanently by about \$63 million and more than 876 full time equivalent jobs will be created in the community either directly in the casino (525) or in closely related activities that sustain indirectly its operations or by the induced expenditures of the newly created incomes. Labour income is expected to increase by \$32.5 million. This will support an effective direct wage of over \$30 thousand and a total effective wage of over \$37,089.

The local government in Hamilton will be expected to generate additional property taxes, business income and fees and licenses that will net them more than \$1.3 million in revenues annually. This will augment the local tax base and allow the local government to expand its services in the community without having to resort to tax increases.

In addition to Table 12, we use figures 5-8 to present the impact results of both capital and operational expenditures. The capital expenditures are not only smaller than the operational expenditures they are also temporary. They will be phased out once the casino becomes operational. The direct employment effects are significantly larger than the total effects. This is to be expected for local economies, even for ones as diversified and mature as the Hamilton economy.

### 5.3 Incremental Tourism

It is difficult to estimate the amount that visitors to Casino Hamilton from outside the local area would spend outside the casino on food, beverage, entertainment, retail and public transportation. Evidence from Windsor is not particularly relevant to Hamilton's case. Casino Windsor is a commercial casino and Windsor is a border town that attracts a large tourism flow from the US. It is nonetheless instructive to note the following changes in the downtown traffic and sales after the casino opened in Windsor. Some of these events may be experienced in Hamilton, albeit at a reduced pace.

According to KPMG report on One-Year Review of Casino Windsor in 1995:

Casino patrons, in addition to visiting the casino, participated in other activities such as shopping and strolling through Windsor's downtown.

Hotel occupancy rates and room rates have increased significantly since the opening of Casino Windsor, especially in downtown hotels.

Downtown restaurants reported increased sales and customer traffic from Casino Windsor patrons.

Night clubs reported modest impact on sales from casino patrons.

Taxi companies reported increased customer traffic especially in the early morning hours and on weekends.

## 5.4 Impacts on Other Gaming Revenues

In 1992, Insight Canada Research conducted a survey at the CNE casino. The results showed that spending intentions for frequent players of lotteries, bingos and nevasadas in the event of establishing casinos in Ontario. The results revealed the following intentions:

- 86% of bingo players said they would spend the same amount or more in bingo halls.
- 90% of those that purchase lottery tickets said they would spend the same amount or more on lotteries.
- 92% of those who buy nevada tickets said that they would spend the same amount or more on Nevada tickets.

In the study conducted by KPMG (1995) noted above, of which one of the authors of this report was involved, found out that

- Attendance at bingos initially dropped by 25%, but has recovered to within 5% to 10% of pre-casino levels.
- The profitability of Monte Carlo events decreased. Net receipts per event fell 16% in 1994 and have recovered only 3% in 1995 over 1994.
- The opening of Casino Windsor was a catalyst for the owner of Windsor raceway to invest in new products and improved facilities. These investments generated significantly improved financial performance for the raceway, from an operating loss of 32 million in 1993, Windsor Raceway had an operating profit of \$1 million in 1995.
- Lottery sales continued to grow in Windsor, but at a slightly slower pace than the Ontario average.

The intention survey and the actual numbers from Windsor support the contention that the impacts on other gaming revenues are likely to be modest and temporary. The impacts on other gaming activities are critical in so far as they determine the revenues of charities in the region. It is difficult at this time to estimate, in any accurate way, the net impact on local charities' revenues from the opening of a casino in Hamilton. This would depend on the share of the local charities in the gaming revenues of the casino. At this time there is no clear-cut information on how the gaming revenues from the permanent casinos will be shared by local charities.



**Table 12**  
**Economic Impact of A Permanent Casino**  
**In Hamilton**  
(In Thousands of 1998 Dollars)

	Impacts in Hamilton	
	Capital	Operations
<i>Impacts</i>		
<i>Initial Expenditures</i>	\$6,000	\$41,674
<i>Gross Output</i>		
Direct	\$4,747	\$41,674
Indirect & Induced	\$1,630	\$27,573
Total	\$6,377	\$69,247
Multiplier	1.06	1.66
<i>Value Added</i>		
Direct	\$2,221	\$32,540
Indirect & Induced	\$2,156	\$30,421
Total	\$4,377	\$62,961
Multiplier	0.73	1.51
<i>Employment (person yrs)</i>		
Direct	38	525
Indirect & Induced	10	351
Total	48	876
Multiplier	1.26	1.67
<i>Labour Income</i>		
Direct	\$1,547	\$15,853
Indirect & Induced	\$846	\$16,637
Total	\$2,393	\$32,490
<i>Taxes</i>		
Federal	\$666	\$9,028
Provincial	\$475	\$13,949
Local	\$131	\$1,381
Total	\$1,272	\$24,358
<i>Imports</i>		
From Other Provinces	\$198	\$2,004
From Other Countries	\$371	\$3,707
Total	\$569	\$5,711

Source: Econometric Research Limited

## 5.5 Net Economic Impact

Not all of the operational impacts are incremental (new). It is clear that impacts supported by expenditures of non-residents can be considered new to the community and the jobs associated with these expenditures can easily be considered as new jobs. This is true to the extent that these expenditures at the casino do not replace expenditures on restaurants, theatre or other goods and services in Hamilton.

**Table 13**  
**Net Economic Impact of A Permanent Casino**  
**In Hamilton**  
(In Thousands of 1998 Dollars)

Impacts	Operations
<i>Initial Expenditures</i>	\$41,674
- Re-directed Expenditures on Clothes and Groceries	\$6,927
+ Import Replacement	\$7,916
Net	\$42,664
<i>Gross Output</i>	\$69,247
- Re-directed Expenditures on Clothes and Groceries	\$6,139
+ Import Replacement	\$13,154
Net	\$76,262
<i>Value Added</i>	\$62,961
- Re-directed Expenditures on Clothes and Groceries	\$5,008
+ Import Replacement	\$11,960
Net	\$69,913
<i>Employment (person yrs)</i>	876
- Re-directed Expenditures on Clothes and Groceries	111
+ Import Replacement	166
Net	931
<i>Labour Income</i>	\$32,490
- Re-directed Expenditures on Clothes and Groceries	\$3,073
+ Import Replacement	\$6,172
Net	\$35,589
<i>Total Taxes</i>	\$24,358
- Re-directed Expenditures on Clothes and Groceries	\$1,483
+ Import Replacement	\$4,627
Net	\$27,502

Source: Econometric Research Limited

Some of the expenditures of local residents at the casino can be considered as redirected expenditures. But this is so to the extent that incomes and expenditures on entertainment are considered constant. Equally relevant here is the fact that local residents interested in gambling can take their entertainment money to venues outside Hamilton. The existence of the gambling venue can stimulate import replacement expenditures by keeping the gambling expenditures in the community. We have restricted the impact analysis to expenditures at the casino. We did not include the impact of visitor expenditures outside the casino. These are not trivial and there is evidence from several surveys that suggest that non-local visitors to local casinos spend money outside the casino on food, beverage, entertainment and retail.

The impact literature is very mixed and confusing on net impacts. In the absence of a solid local survey that can identify the extent to which local residents gamble outside the local area and the way and the extent to which they redirect expenditures away from other venues and activities in the local economy to casino gambling, calculating offsetting impacts is a speculative activity. Furthermore, some researchers such as William Thompson, Ricardo Gazel and Dan Rickman (1995) in their study of the Economic Impact of Native American Gaming in Wisconsin have deducted social costs against economic impacts. This deduction is not justified, it suggests that the researchers are mixing impact analysis for cost benefit analysis. The two analyses are different and non-comparable.

An interesting aspect of Thompson et.al. (1995) study, however, is the identification that some locals would have spent their gambling money on groceries or clothes. They found that in Wisconsin 10% of the surveyed locals would have spent their money on groceries instead of in the casino, whereas nearly one fourth would spend more on clothes. Thirty seven percent said that their savings had been reduced since the casino opened, but only 22.6 % said they would save more if the casino was not open. Four out of 10 would merely find another place to gamble. Translating this into our framework, we should deduct 10% of the revenues of the casino from local sources and devote it to groceries, deduct a further 25% of the win and devote it to clothing, but should add to the positive side 40% of local expenditures that the casino retained into the economy through import replacement.



The impact of these adjustments would result in the following:

- A total of \$1,979,083 will be the amount lost at the Casino that could have been spent on groceries,
- \$4,947,708 could have been spent on clothing.

The sum of these two items of redirected expenditures is \$6,926,791. The associated impacts of these expenditures will have to be subtracted from the total impacts in Table 12. These include:

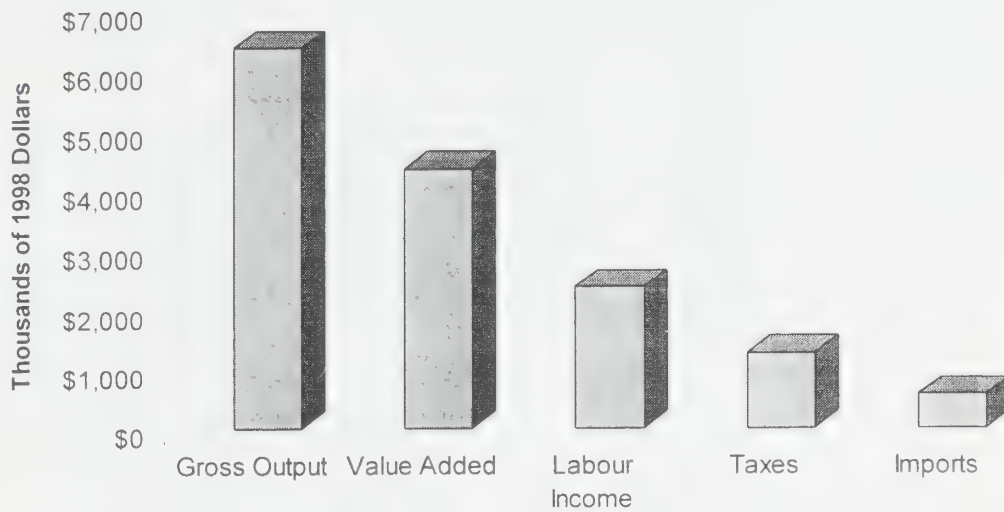
- \$5,008,360 reduction in income,
- A loss of 111 person-years of employment.

But if we were to subtract the impact of these redirected expenditures, we have to add the impact of:

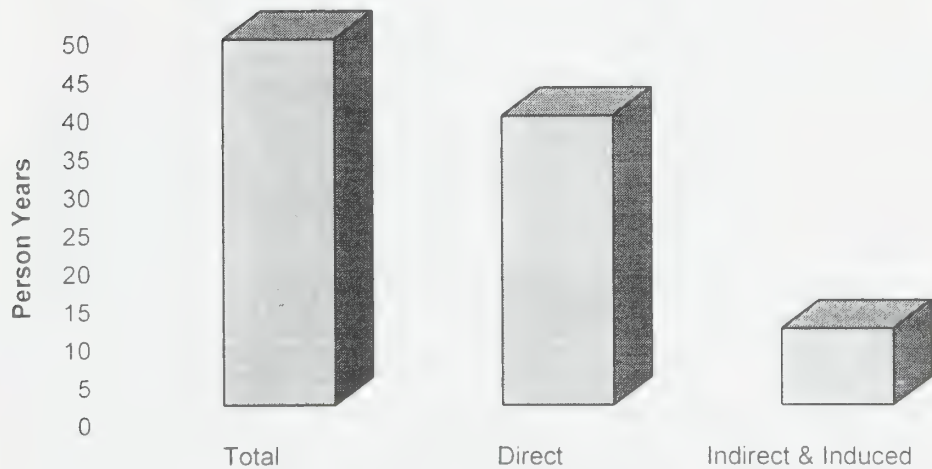
- import replacement which amount to \$7,916,332

The impacts associated with these import replacement expenditures are higher than the negative redirected expenditures. The net impact results are therefore actually higher than the gross impacts reported in Table 12, as can be seen in Table 13.

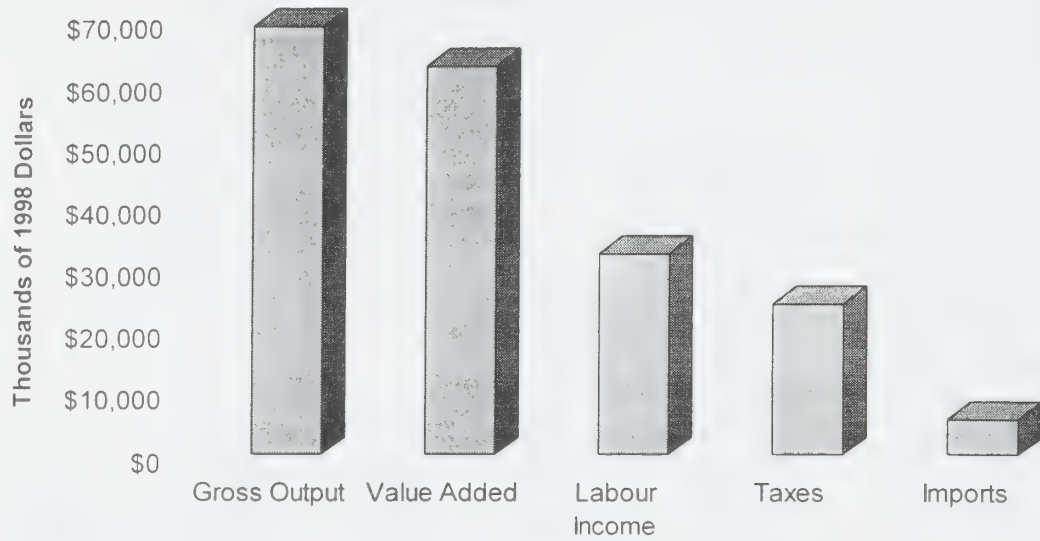
**Figure 5**  
**Economic Impact of Capital Expenditures**  
**Casino Hamilton**



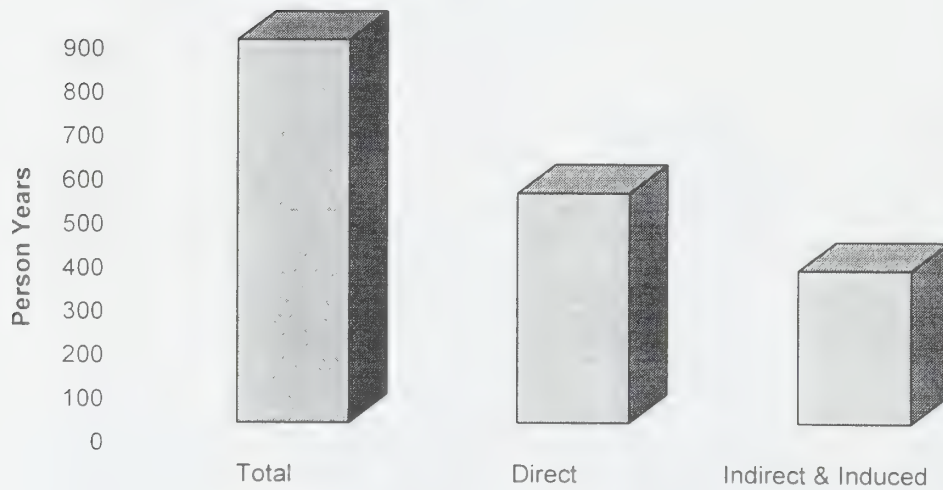
**Figure 6**  
**Employment Impact of Capital Expenditures**  
**Casino Hamilton**



**Figure 7**  
**Economic Impact of Operation Expenditures**  
**Casino Hamilton**



**Figure 8**  
**Employment Impact of Operation Expenditures**  
**Casino Hamilton**



## 6.0 SOCIAL IMPACTS: METHODOLOGY AND RESULTS

### 6.1 Methodology

This study uses several methods of information gathering to describe the potential social impacts of a permanent casino in Hamilton. These methods included:

- Review of literature on problem gambling
- Information from three municipalities in Ontario with operating casinos
- Information drawn from community services operating in Hamilton
- Key informant interviews in Hamilton
- Demographic data from Statistics Canada

A review of the literature was carried out which focussed on reports of estimates for the social impacts of gambling in the United States and Canada. Another source of was the three municipal governments in Ontario which have large casinos, Windsor, Niagara Falls and the Municipality of Simcoe (Casino RAMA). They were contacted and asked to provide any information or research they had available which described the social impacts of a casino on their community. Although the casinos in these communities provide gambling activity on a larger scale and for a different market than that of a local permanent casino, such as that being considered for Hamilton, their experiences were thought to be worth consideration for a several reasons. These communities offer some similarities in terms of cultural disposition to gambling, service response and demographic characteristics. To broaden the understanding of social impacts on the Hamilton community a number of key informant interviews were also carried out with a variety of individuals representing Hamilton services which may be affected by the establishment of a permanent local casino. Finally, the information collected from these sources has been used in combination with the demographic models generated through the economic impact analysis in this study to provide some preliminary estimates of the social costs and benefits of a local permanent casino.



## 6.2 Availability of Gambling Opportunities

Gambling opportunities have grown in recent years. They have existed in the form of Provincial lotteries, locally licensed bingos, Nevada/break open tickets, raffles and until recently, roving Monte Carlo casinos. In addition to these, off track betting, and area racetracks offer opportunities to gamble. Residents of Hamilton do not have far to go to gain access to some form of gambling. Many corner convenience stores sell lottery and Nevada tickets. Bingo halls though not as ubiquitous, are still never far away. Residents of Hamilton also have access to large casino operations in Niagara Falls, to Casino RAMA near Orillia Ontario and even that in Windsor. In fact bus trips leave Hamilton on a daily basis to each of these casinos.

Recent Provincial government announcements indicate that additional gambling services will soon be established in the area around Hamilton. Brantford has received a license to operate a local permanent casino. Flamborough Downs has received Provincial approval for the installation of 750 slot machines to complement their racing events. Mohawk Raceway in Burlington will also soon offer 750 slot machines in addition to racing activities.

This growth in opportunities to gamble is important to consider in view of evidence that there appears to be a relationship between the availability of gambling and the rates of problem gambling. Literature on the subject indicates that as opportunities for gambling increase, so do the rates of problem gambling. (Lewko, 1998). There is also some evidence to suggest that rates of problem gambling tend to increase over time (Shaffer et al, 1997; Room et al, 1998).

The introduction of gambling services to the Hamilton community is, in a sense, a recent phenomenon in social development terms. Since the introduction of the federally sanctioned Olympic Lottery in the late 1960's opportunities for gambling have increased dramatically and have become much more available. There is mounting evidence locally to suggest that the rates of the incidence of problem gambling have continued to grow.

The best example of this is the request by the Alcohol, Drug and Gambling Service of Hamilton-Wentworth to Regional Council for additional resources to meet the growing demand for a response to persons experiencing problems with gambling behaviour (Corbett, 1999). Although some literature suggests that rates of problem gambling peak at about 6 percent of the gambling population, gambling practice is still new enough to the community to warrant monitoring of this estimate of rates of problem gambling.

### **6.3 Impacts on Families**

The social costs of problem gambling are difficult to estimate with any precision. This study did not attempt to generate extensive primary data on social costs because of the limits to time and resources available to carry out this study. Rather, it identifies research from other communities that provides a guideline for estimating social costs in the Hamilton area should a permanent casino be established. Judging by the published research available, estimates on social costs have not been a routine part of the planning process in communities where casinos are being considered, nor have they been a regular part of the monitoring process in those communities where casinos have been established.

It is generally accepted that the majority of people who gamble are not at risk of becoming problem gamblers. Research on the gambling population in Niagara Falls suggests that "5/6 of the adult population gambled during the last year" (Niagara study 1998). This research, although somewhat inconsistent with evidence reported by Statistics Canada, indicates there is a higher gambling rate for males than females, the highest percentage of the population of gamblers is middle aged and that lower to middle-range income earners have a greater tendency to gamble than upper income individuals. These characteristics of the gambling population will all be evident in the population with gambling problems. Problem gambling behaviour can develop irrespective of age, sex, social or economic status. However, some groups may be at greater risk than others. Young people, for example, may be more likely to develop problems with gambling than a middle-aged adult.

## 6.4 Pathological Behaviour Resulting from Problem Gambling

The social impacts of gambling range from positive impacts such as providing entertainment, recreation and the opportunity to socialise to negative impacts such as addictive behaviours which may result in a variety of personal, family and financial problems. It is generally accepted that most people who engage in licensed gambling activity are able to integrate this activity into their lifestyle without experiencing personal or family problems. For a minority of people their gambling behaviours reach excessive proportions and leads to problems. "At its most serious...pathological or compulsive gambling is a public health issue." (Vancouver, 1994, p.15).

Problem gambling is a term used to describe gambling behaviour that has a negative effect on an individual's personal, family or work life. Pathological gambling is the most extreme form of problem gambling. This term is used by mental health professionals and is based on the American Psychiatric Association's diagnostic manual. Pathological gambling is defined as "a progressive disorder characterised by a continuous or periodic loss of control over gambling; a preoccupation with gambling and with obtaining money with which to gamble; irrational thinking; and a continuation of the behaviour despite adverse consequences" (Rosenthal, 1992).

Most studies put the prevalence rate of problem gambling at between 3 and 6 percent of the adult population. "A 1994 study by the Alberta Alcohol and Drug Abuse Commission and Alberta Lotteries and Gaming found that 5.4 percent of adult Albertans could be classed as current problem gamblers. This includes 1.4 percent classed as probable pathological gamblers." (Vancouver, 1994). Pathological gambling often takes several years to build up in an individual's life. Communities with a casino may find over time, there may be a rise in the rates of gambling related problems (Niagara study, 1998, p. 14).

Problem gambling rates can be understood in two different ways: lifetime rates and current prevalence rates. The difference between these two is attributed to recovery rates. Recovery rates are not very high. Recovery rates described in recent Canadian studies extend from 4.3% in British Columbia to 1.3% in Saskatchewan (Gambling in Canada, 1996, p. 16).

In the experience of the Alcohol, Drug and Gambling Service of Hamilton-Wentworth the relapse rates for their services tend to be in excess of 60 percent after the first three months of treatment. The consensus among researchers is that as the number of gambling opportunities increases, so will the prevalence of probable and pathological gambling. (Gambling in Canada, 1996. P.17)

## **6.5 Costs to Health and Social Service Care**

A range of service agencies in the community respond to the needs of individuals and families experiencing a problem with gambling. Some services deal explicitly with individuals experiencing problem gambling. Other services provide a response to a host of problems families may experience. These families' struggles may be directly or indirectly related to problem gambling behaviour one or more family members may be having.

Several services are provided in Hamilton-Wentworth which respond directly, although not exclusively, to individuals with problem gambling behaviour. The Alcohol, Drug and Gambling Service operated by the Regional Municipality provides assessment, early intervention, individual and group treatment options. Services are also available for the spouses /significant others of problem and compulsive gamblers, including an educational support group for partners of problem and compulsive gamblers. The Hamilton Health Sciences Corporation's Moreland Centre provides treatment and case management to individuals (not families) with gambling problems. Gamblers Anonymous, a self-help organisation, provides mutual support for individuals and families experiencing problems with gambling. This service, in contrast to most others, is provided without the support of public funding. The organisation and its services are provided on a strictly voluntary basis.

A wide range of social services are available in the community to respond to the needs of individuals and families with problem gambling. In many cases gambling may not be recognised as the problem.



Individuals or clients may seek services which provide some response to marital or relationship problems, financial difficulties, depression or mental health concerns, legal problems (fraud, theft) or workplace and employment issues. Community resources are also used to respond to the impacts of problem gambling on families and friends. Research suggests that for every problem gambler there are 10 to 17 people around him/her that will be negatively affected. (Smith, Azmier, 1997).

Some of problems experienced by problem gamblers may lead to serious psychiatric and physical disorders. A variety of mental health problems have been associated with problem gambling behaviour. These include manic depression, attention deficit disorders, hyperactivity, agoraphobia, obsessive-compulsive disorders, depression and suicide or attempts. In addition, persons may experience physical health ailments that require health care or treatment. These can include stress-related ailments such as insomnia, ulcers, colitis, high blood pressure, heart disease, migraines, skin problems and problems with multiple addictions. (Gambling in Canada, 1996, p.34)

The services which might be engaged in the process of assisting an individual or family could include any one or more of several service agencies including: Family Services of Hamilton-Wentworth, Catholic Family Services, the Children's Aid Society of Hamilton-Wentworth, the Catholic Children's Aid Society, Canadian Mental Health Association, legal aid services (i.e. McQuesten Legal and Community Services), the Elizabeth Fry Society, the John Howard Society, Employee Assistance Programs, Regional income maintenance services and local employment assistance services. In addition to these, individuals may seek out support services from family doctors, lawyers or counsellors and therapists in private practice.

The difficulty in assessing the cost of these services in relation to incidence of problem gambling is that in most cases these services do not identify or record problem gambling as the critical issue. The Alcohol, Drug and Gambling Services of Hamilton-Wentworth appears to be leading in a process locally which will result in more detailed recording of caseload information to better monitor and understand the experience of individuals with problem gambling behaviour.



This record keeping system, patterned after that kept by the Provincial Gambling Hotline, will change data collection practice to include the source of problem gambling in terms of the gaming activity being overused. This system started data collection in Hamilton-Wentworth on April 1, 1999. Results will be reported annually. Caseload data is not reported in terms of the incidence of problem gambling and in some cases, private-practice in particular, caseload information is not publicly reported or available. Given the current state of information on services responding to incidents of problem gambling, it is not possible to state conclusively what the total costs for these services may actually be. We are only able to estimate costs for services where these are known and extrapolate, on the basis of literature and research done in other communities, the potential costs for services we may require locally.

## 6.6 Benefits to Health Care and Community Services

Although a wide variety of health and social services respond to the needs of those with problem gambling behaviours, many services benefit from revenues generated by gambling activity. The Trillium Foundation in Ontario, operating exclusively on the basis of proceeds from Provincial lottery and gaming proceeds, plans to allocate 100 million dollars in the 1999-2000 operating year to community service organisations across the Province. Local gaming ventures such as bingo and Nevada break-open ticket operations generate considerable revenues for local charitable organisations which are then used to support the delivery of programs and services to their client population.

A permanent casino in Hamilton offers the potential of a similar benefit to these services. The Ontario Lottery Corporation established a one time fund in 1998 which was in part designed as a substitute for revenues previously generated for charitable organisations in the community by roving Monte Carlo casinos. With the discontinuation of the Monte Carlo events early in 1998, a number of local charities lost revenue that provided them the capacity to offer services. The substitute fund offered 1.2 million dollars for Hamilton organisations alone.

Another \$1 million was provided to the smaller municipalities in Hamilton-Wentworth to support services in those localities. In Hamilton there were nearly 50 organisations which had made and application for an allocation from the local fund for financial support. (Arnold, 1998).

At present, there is no direct funding relationship between funds generated by a casino for charities and services that respond to problem gambling behaviour. However, the Province funds problem gambling services through the Substance Abuse Bureau of the Ontario Ministry of Health. With the planned expansion of local casinos in Ontario, the Province has announced that it will spend an additional 20 million dollars to expand services to meet the needs of problem gamblers.

Revenue generated by a local permanent casino would be used to benefit local charities and associations. At this time it is not clear exactly which organisations would receive funding support from this source. Nor is it clear whether or not this funding source would provide stable long term funding for a select few programs and services as opposed to other funding configurations of a shorter duration and more varied nature. Applications for funding from the interim fund of 1.2 million dollars for Hamilton were reviewed by a committee of Municipal Council, which then made recommendations to the Ontario Lottery Corporation for funding choices. Although this arrangement provides a mechanism by which municipalities can apply locally developed criteria and priorities for funding services as a guide to awarding grants, they are limited in the recommendations they can make by the organisations that apply.

The moral dilemma raised for some charitable organisations by raising funds through the practice of gambling prohibits them from accessing these funds. Although the services provided by these organisations might at least in part be directed to assisting individuals or families struggling with or recovering from the troubles associated with problem gambling behaviour, their governing boards of directors - community volunteers - have concerns and even outright objections to accepting proceeds from gambling to operate their services.

This was an important theme emerging from the key informant interviews carried out as part of this study. The concern was that some members of the community are vulnerable to gambling addiction and that a casino would essentially exploit that vulnerability.

Several respondents in the key informant interviews noted that from their perspective, it would be irrational for an organisation serving that vulnerable population to deliver its services using a portion of the proceeds generated by an activity which they considered to be an exploitative practice.

The concern for vulnerable populations was balanced by the perception that a casino may create employment for community members. Although the potential for job creation is estimated more thoroughly in the section of this report on economic impacts, there was a recurring sense that job creation is also an important social impact and social benefit.

There is little dispute that gainful employment provides social benefits. It not only provides an individual with the capacity to meet their own basic needs, it strengthens the sense of identity and self worth, reduces demand on income support systems, generates tax revenue for governments and tends to promote consumption of goods and services, a function often considered good for the economy. However, some local social service providers did not assume their client population would have access to jobs created at a casino. If they were dealing with marginalized populations, people in conflict with the law or assisting people who were experiencing problems with gambling, the assumption was they would not be good prospects for work in a casino. This employment benefit would not accrue to the populations which would have problems with excessive gambling behaviour.

The social impacts of problem gambling will be the concern and focus of a variety of community services agencies in the Hamilton area. In addition to services being provided which address behavioural and relationship problems associated with gambling, there are a number of community services that could benefit from the revenues generated by government sanctioned gaming activities. Those benefits accrue essentially in the form of funding for programs and services being provided by local agencies and services.

There has been no comprehensive study of the extent to which gaming generated revenues have been gathered and applied to the delivery of local health and social services in Hamilton. Neither is there any systematic analysis of trends in this element of funding for community services.



Some services have had no gaming licenses and have not been the recipients of funding revenues that were derived from this source. Other agencies have been licensed to sponsor gaming activities and events. These agencies have used proceeds to support services provided by their organisation. There are also agencies that have become reliant on revenue from gaming activity to support entirely some programs within their operation of services.

### 6.7 Impact on the Workplace

The impacts of problem gambling register in many ways in the community outside of presentation in the formal health care or the social service system. As problems develop they may first register a toll on the workplace. Problem gamblers show higher than average rates of lateness, absenteeism, low productivity and crimes against employers such as forgery, embezzlement and fraud. (Lessieur 1992; Smith, Azmier, 1997). It is difficult to estimate the extent to which this may be occurring in any workplace or local economy. These impacts are particularly subtle and may go largely undetected. They are sometimes the resulting impact of an individual with a gambling problem. Declining performance in the workplace can also occur in family members of a problem gambler as they cope with the stress and adjustments required due to pressures created by problem gambling.

### 6.8 Increase in Crime

There is scant evidence of an increase in criminal activity associated with the operation of a casino. At the Symposium on Problem Gambling held in Niagara Falls in 1998, Inspector Arthur Rees of the Niagara Regional Police Department delivered a report on the subject and noted that "prostitution, violent crime and robberies have not increased in Niagara Falls since the Casino opened." Casino Niagara first opened in late 1996. Inspector Rees did concede however, that incidents of abandonment of children had been occurring to a greater extent than had been anticipated and there had been some increase in the reported incidence of fraud and use of counterfeit money (Reese, 1998).

The view that criminal activity did not increase was apparently reflected in the impressions reported by Niagara Falls residents. In a study conducted by the Addiction Research Foundation, 77 percent of respondents to a survey in 1996 thought the casino would cause an increase in serious crimes. A year later, only 44 percent of residents believed crime had increased. This research also noted that 63 percent of respondents in 1996 thought a casino would cause an increase in the number of young people in trouble with the law. By 1997, only 35 percent of respondents still thought a casino would have this effect on young people. (Room et al, 1998).

The experience appears to be similar in Orillia and Windsor. Ontario Provincial Police Detachment Commander Jim Dixon reported that there has been no impact on policing since the opening of Casino RAMA near Orillia. Based on a review of reported incidents between May and December 1997, the Police Services Board determined that there had been no significant increase in crime. (McKim, 1998).

In Windsor, rather than an increase in crime, they are reporting an overall reduction in crime rates. Staff Sergeant Dave Rossell reported early in 1998 that crime overall had gone down by 19 percent in 1997 compared to the previous year (Bailey, 1998).

An important consideration in assessing crime rates associated with the establishment of a casino is the change in policing practice that accompanied the large casinos. Both Niagara Falls and Windsor expanded police services and intensified patrolling activity in the areas immediately surrounding the casino. In Windsor this applied to a twelve-block area within which the Casino was located. The increase in policing activity and police visibility has been credited with the reduced rates of violent crime in the area.

In Hamilton, the precise impact a permanent casino would have on policing services is not well known. The Hamilton-Wentworth Police Department would anticipate a need for additional officers initially to patrol the area around a casino. The service requirements would be adjusted over time as conditions warrant. (Deputy Chief Elwood, personal communication Feb.1999)



## 6.9 Costs of Providing Services for Problem Gamblers

As noted earlier, the prevalence rate of problem gambling is estimated at between 3 and 6 percent of the adult population. These estimates include 1.4 percent of the gambling population which may be classed as probable pathological gamblers." (Vancouver, 199-). Using these estimates in combination with the estimates of the gambling population for Hamilton, Hamilton-Wentworth and an area extending out in a radius of 40 kilometres from the downtown core of the city of Hamilton (the area identified as the candidate site for a casino in Hamilton), the following estimates were generated.

**Table 14**  
**Problem Gambling Incidents by Origin of Gambler**

Prevalence Rates for Problem Gambling	Problem Gambling Population in Hamilton (rate x 61,333)	Problem Gambling Population in Hamilton-Wentworth (rate x 87,754)	Problem Gambling Population in a 40 km radius (rate x 185,806)
1.4%	859	1,229	2,601
3 %	1,840	2,633	5,574
6%	3,680	5,265	11,148

\* Note estimates for the population figures are based on those estimates for Total Gaming Population noted in Table 1: The Casino Market Potential: Hamilton, Low Scenario. If the capture rates for casino gambling are assessed at 60% of the total gambling population, these outcomes could be further reduced.

This calculation suggests that for the City of Hamilton there is a potential for 859 cases of pathological gambling to emerge. These individuals and their families would experience the most disruptive and disabling effects of compulsive gambling and are most likely to come in contact with the social or health service system. This population of pathological gamblers is larger for Hamilton-Wentworth. These individuals are likely to seek out those services in Hamilton-Wentworth that may be available to assist with their problem. The population of problem gamblers within a radius of 40 kilometres of the casino reflects not only an estimate of those likely to travel that distance to gamble but may also suggest the distance they are likely to travel to seek treatment if needed.

### **6.10 Service Response**

To provide rough estimates of the cost of providing services which could respond to the needs of a problem gambler, information on the cost of only one service (ADGS) and its caseload have been combined with estimates of the prevalence rates of problem gambling for the city of Hamilton, Hamilton-Wentworth Region and an area within a 40 kilometre radius of the core of Hamilton. In Table 14 we provide estimates on the basis of a prevalence rate for problem gambling which is considered to be a low estimate of the number of people who are likely to experience problems with gambling.

**Table 15**  
**Service Costs by Origin of Gambler**

(Low Prevalence Estimates: 3% )

Service Costs	Cost per case	Hamilton 1,840	Hamilton- Wentworth 2,633	40 km Radius 5,574
Low costs (current ADGS rate of case response 245/staff)	\$247	\$454,480	\$650,351	\$1,376,778
Recommended costs (OSAB of 125/staff)	\$485	\$892,400	\$1,277,005	\$2,703,390
Estimated potential costs (in 1995 U.S. Dollars)	\$13,200	\$24,288,000	\$34,755,600	\$73,576,800
Estimated potential costs (U.S. model)	\$17,820*	\$32,788,800	\$46,920,060	\$99,328,680

\* Conversion into Canadian dollars using an exchange rate of \$1.35 Canadian dollars per 1 US dollar.

Estimates of service costs for the Alcohol, Drug and Gambling Services of Hamilton-Wentworth in responding to problem gambling behaviours of a presenting individual are based on estimates noted in correspondence from Grant Corbett, Program Manager, ADGS of Hamilton-Wentworth, January 21,1999. These estimates indicate that one clinical social worker can attend to 245 cases annually.

The cost estimate includes the cost of salary (the annual salary for a full time social worker is in the range of \$39,117 to \$46,128 per annum\*), supplies (\$39,117), expenses (\$13,930) and occupancy costs (\$7,528). The results suggest an annual cost of \$60,575 for the services of one full time equivalent social worker caseload.

The Alcohol, Drug and Gambling Services of Hamilton-Wentworth is the local Ministry of Health designated gambling outpatient treatment service. A distinguishing feature of service response in Ontario is the outpatient treatment practice. Treatment models in the United States are more likely to offer in-patient services which also tend to be more expensive.(Corbett, 1999.)

A study conducted by Robert Goodman (1995) developed what the author considered to be a conservative estimate for the annual cost to society of each problem gambler. The estimate included consideration of the costs for addiction treatment, higher policing costs, bankruptcies, substance abuse treatment, higher insurance costs and other lesser considerations. This figure is offered here is reported in 1995 U.S. dollars. There has been no attempt to convert this figure to a Canadian dollar figure as this would require extensive and original research to fully assess the difference in costs in Canada which would have to consider differences in service availability, treatment options, policing costs, insurance costs and so on. The value of this estimate, which is rather high, is to illustrate the extent to which addiction assessment and treatment services alone do not fully reflect the costs associated with problem gambling to a community.

**Table 16**  
**Service Costs by Origin of Gambler**

(High prevalence estimates: 6%)

Service Costs	Cost/case	Hamilton 3,680	Hamilton- Wentworth 5,265	40 km Radius 11,148
Low costs (current ADAGS rate)	\$276	\$1,015,680	\$1,453,140	\$ 3,076,848
Recommended costs (ADAGS)	\$540	\$1,987,200	\$2,843,100	\$6,019,920
Estimated potential costs (in 1995 U.S. Dollars)	\$13,200	\$48,576,000	\$69,498,000	\$147,153,600
Estimated potential costs (U.S. Model in 1995 Canadian Dollars)	\$17,820*	\$65,577,600	\$93,822,300	\$198,657,360

\* Conversion into Canadian dollars using an exchange rate of \$1.35 Canadian dollars per 1 US dollar.

The results in Table 15 provide estimates for service costs on the basis of a prevalence rate for problem gambling which is considered to be a high estimate of the number of people who are likely to experience problems with gambling. The estimated costs derived from the United States model reflect an analysis for estimating all potential social and community costs combined. No comparable Canadian study was found in the course of this research.



The differences between the American and Canadian experience could be substantial in this area. The costs of services may be dramatically different in Hamilton. In addition the range of services available in the Hamilton area may also vary considerably from many communities in the United States. Comparative research from a Canadian community would provide more useful data in this instance.

For the purposes of calculating these higher range estimates two variables were altered. The first is the prevalence rate for problem gambling, estimated here at 6 percent. The second variable which has been altered is the cost of a unit of service from the Alcohol, Drug and Gambling Service in order to reflect the high end of the salary range for a social worker, a potentially 15 percent greater cost. The cost estimate includes the cost of salary (the annual salary for a full time social worker estimated at \$46,128 per annum\*) plus the same costs for supplies, expenses and occupancy costs used in the previous estimate for the service. The result is an estimated cost for service to problem gamblers for ADGS alone at \$67,586 for the cases that one full time social worker would serve in a year.

One remaining estimate on the social impact of problem gambling is a calculation that considers the assertion that as many as 10 to 17 people associated with a problem gambler will be affected. These individuals and families too may at some time seek support or assistance in addressing problem gambling behaviours. Estimates have been calculated for the Region of Hamilton-Wentworth only.

**Table 17**  
**Problem Gambling Ripple Effects - Hamilton-Wentworth**

Number of people affected by a problem gambler's behaviour	low prevalence of problem gambling population (3%) 2,633	high prevalence of problem gambling population (6%) 5,265
Low - 10 people	26,330	52,650
High - 17 people	44,761	89,505

The results of this estimating procedure suggest that even when we use the most conservative estimates for prevalence of the problem gambling population and smallest number of people around them that are likely to be affected, a population of over 26,000 will experience stress or difficulties. The high estimate indicates that as many as 89,000 people could be negatively affected by problem gambling behaviours by someone near to them.

In estimating the cost of the ripple effects of gambling many factors and services have been included. The number of people affected can vary from case to case. The number of people affected can be a reflection of factors which include family size, relationship networks, professional or employment status as well as the extent of social, health and judicial system services which may become involved.

## 7.0 SUMMARY AND CONCLUSIONS

A permanent casino in Hamilton will have lasting economic and social impacts on the City and Region. Its potential financial viability is, however, quickly eroding with the establishment of a permanent casino in Brantford and the allocation of 750 slot machines to each of Mohawk and Flamborough raceways.

It may still be possible to operate a small profitable casino in Hamilton with significant economic impacts on employment and income. Whatever its size, however, it will still have significant negative social impacts on the people of Hamilton and surrounding regions.

This study examined the potential of a permanent casino in Hamilton with respect to its financial viability, economic impacts and social impacts. Although these three aspects are interrelated and influence one another the results are presented separately for each aspect.

Our market assessment suggests that the prospects of a financially viable permanent casino in Hamilton are eroding. Under the current prevailing circumstances it will have the following characteristics:

- We estimate the total number of visits to exceed 972,803 under the medium scenario. This estimate falls between a low of 612,336 visits and a high of 1,333,271.
- The estimated total gaming revenue of the market varies between a low of \$23.2 million and a high of \$60.1 million with an average value of \$41.7 million.
- The total number of slot machines that the market can sustain is estimated to fall between 298 and 770 with an average value of 534 machines.
- The average number of supportable tables is estimated at 34 tables with a low of 19 and a high of 49.

- The average win is calculated to exceed \$42.
- The residential Hamilton population accounts for 36% of the visits and 35% of the gaming revenues under the low scenario and 36% of the visits but 32% of the gaming revenues under the high scenario.
- Residents within the Regional Municipality of Hamilton-Wentworth are estimated to account for 51% of the visits and 50% of the gaming revenues under the low scenario and 50% of the visits and 48% of the gaming revenues under the high scenario.
- Tourists from the US, overseas and Canada will account for 17% of the visits and 16% of the gaming revenues under the low scenario and 14% of visits and 14% of gaming revenues under the high scenario.

The potential financial viability estimates for a permanent casino in Hamilton are consistent with the overall gaming market profiles in Canada and Ontario. Among the most interesting observations that emerge from data on gaming in Ontario and Canada are the following:

- The largest share of household gaming expenditures is on government run pool and lottery tickets.
- Expenditures on casinos and slot machines claim only a quarter of total household gaming expenditures in Canada and even less in Ontario.
- Bingo games still show higher shares in household gaming expenditures than casinos.

- The overall gaming market in Hamilton supports the sale of \$19 million of Nevada Tickets and about \$45 million in Bingo game revenues. Adding Raffle Ticket revenues, the three gaming revenues add up to a total of about \$65 million. When the medium scenario estimates for casino win are added to this total, the annual gaming revenues in Hamilton would exceed \$105 million. This number is consistent with independent estimates of the Windsor local gaming market.

The capacity of a local community to capture economic spin-offs from local casinos depends on a number of factors. The most important of these factors relate to the maturity, diversity and dynamism of the local economic base and the proportion of demand that is directed by the local casino to local producers. The local economic base is generally determined by the constellation of industries and activities that operate in the local economy while local sourcing depends also on the entrepreneurial drive of local business and their ability to respond to the new demands created by the new facility.

The permanent casino will have both capital and operational impacts in the local economy. These are not additive because capital impacts are lumpy and occur in one year, whereas operational impacts are recurrent and generated every year for as long as the project is viable and operational. Only the local impacts in Hamilton are discussed and presented below. Naturally, the local economy operates within the provincial and national economies and local impacts are part of the provincial and national impacts.

The renovation, furnishing and equipping of the proposed permanent casino in Hamilton involves:

- A total expenditure of \$6 million in 1998 prices.
- The development phase is expected to involve a very short period over which a total of about 48 person years of employment, \$4.4 million in value added, \$2.4 in labour income, and \$131 thousand in tax revenues are likely to be sustained by this activity in Hamilton.



- The local economy is not expected to sustain most of the capital and development expenditures. A large part of these expenditures involves the purchase of gaming equipment, a good part of which will come from outside Ontario.

The operational impacts are recurrent impacts and will permanently affect the local economy.

These impacts include:

- A total revenue of \$41.7 million is likely to emerge from the operations of the Hamilton casino.
- Almost 50% of these revenues will come from visitors from outside the community.
- Unlike capital expenditures, operating revenues sustain permanent jobs and recurrent incomes in the local community. The total income of Hamilton can be expected to increase permanently by about \$63 million.
- More than 876 full time equivalent jobs will be created in the community either directly in the casino (525) or in closely related activities that sustain indirectly its operations or by the induced expenditures of the newly created incomes.
- Labour income is expected to increase by \$32.5 million. This will support an effective direct wage of over \$30 thousand and a total effective wage of over \$37,089.
- The local government in Hamilton will be expected to generate additional property taxes, business income and fees and licenses that will net them more than \$1.3 million in revenues annually.

Not all of the operational impacts are incremental (new). It is clear that impacts supported by expenditures of non-residents can be considered new to the community and the jobs associated with these expenditures can easily be considered as new jobs. This is true to the extent that these expenditures at the casino do not replace expenditures on restaurants, theatre or other goods and services in Hamilton.

A study of The Economic Impact of Native American Gaming in Wisconsin (1995) found that in Wisconsin 10% of the surveyed locals would have spent their money on groceries instead of in the casino, whereas nearly one fourth would spend more on clothes. Thirty seven percent said that their savings had been reduced since the casino opened, but only 22.6 % said they would save more if the casino were not open. Four out of 10 would merely find another place to gamble. Thus, we should deduct 10% of the revenues of the casino from local sources and devote it to groceries, deduct a further 25% of the win and devote it to expenditures on clothing, but should add to the positive side 40% of local expenditures that the casino retained into the economy through import replacement.

The impact of these adjustments would result in the following:

- A total of \$1,979,083 will be the amount lost at the Casino that could have been spent on groceries.
- \$4,947,708 could have been spent on clothing.
- The sum of these two items of redirected expenditures is \$6,926,791. The associated impacts of these expenditures are subtracted from the total impacts. These include:
- \$5,008,360 reduction in income.
- A loss of 111 person-years of employment.

On the other hand, we have added to the total impacts the following:

- An import replacement which amounts to \$7,916,332. The impacts associated with these import replacement expenditures are higher than the negative redirected expenditures. The net impact results are therefore actually higher than the gross impacts.

There are also additional impacts that arise out of the expenditures of non-local visitors in the community. It is difficult to estimate the amount these visitors would spend outside the casino on food, beverage, entertainment, retail and public transportation. Evidence from Windsor is not particularly relevant to Hamilton's case. Casino Windsor is a commercial casino and Windsor is a border town that is attracting large tourism flows from the US. It is nonetheless instructive to note the following changes in the downtown traffic and sales after the casino opened in Windsor. Some of these events may be experienced in Hamilton, albeit at a reduced rate and pace. These include:

- Casino patrons, in addition to visiting the casino, participated in other activities such as shopping and strolling through Windsor's downtown.
- Hotel occupancy rates and room rates have increased significantly since the opening of Casino Windsor, especially in downtown hotels.
- Downtown restaurants reported increased sales and customer traffic from Casino Windsor patrons.
- Night clubs reported modest impact on sales from casino patrons.
- Taxi companies reported increased customer traffic especially in the early morning hours and on weekends.

The impact of the casino on other gaming activities in the community are not negligible, but they are not drastic either. In Windsor the following results were reported:

- Attendance at bingos initially dropped by 25%, but has recovered to within 5% to 10% of pre-casino levels.
- The profitability of Monte Carlo events decreased. Net receipts per event fell 16% in 1994 and have recovered only 3% in 1995 over 1994.
- The opening of Casino Windsor was a catalyst for the owner of Windsor raceway to invest in new products and improved facilities. These investments generated significantly improved financial performance for the raceway, from an operating loss of 32 million in 1993, Windsor Raceway had an operating profit of \$1 million in 1995.
- Lottery sales continued to grow in Windsor, but at a slightly slower pace than the Ontario average.

The economic impacts of the permanent casino in Hamilton on the local economy have parallel and equally significant social impacts that manifest themselves in problem gambling, impacts on families, crime, etc. The social costs of these impacts are difficult to estimate with any precision. This study did not attempt to generate extensive primary data on these social costs because of the limits to time and resources available to carry out this study. Rather, it identifies research from other communities that provides a guideline for estimating social costs in the Hamilton area should a permanent casino be established. Judging by the published research available, estimates on social costs have not been a routine part of the planning process in communities where casinos are being considered, nor have they been a regular part of the monitoring process in those communities where casinos have been established.

Below is a brief summary of the most salient social impact results of our study:

- Literature on the subject indicates that as opportunities for gambling increase, so do the prevalence rates of problem gambling. There is also some evidence to suggest that rates of problem gambling tend to increase over time and there is mounting evidence locally to suggest that the rates of the incidence of problem gambling have continued to grow.
- It is generally accepted that most people who engage in licensed gambling activity are able to integrate this activity into their lifestyle without experiencing personal or family problems. For a minority of people their gambling behaviours reach excessive proportions and leads to problems. At its most serious level, pathological or compulsive gambling is a public health issue.
- Most studies put the prevalence rate of problem gambling at between 3 and 6 percent of the adult population. Communities with a casino may find over time, there may be a rise in the rates of gambling related problems.
- This calculation suggests that for the City of Hamilton there is a potential for 859 cases of pathological gambling to emerge. These individuals and their families would experience the most disruptive and disabling effects of compulsive gambling and are most likely to come in contact with the social or health service system. This population of pathological gamblers is larger for Hamilton-Wentworth. These individuals are likely to seek out those services in Hamilton-Wentworth that may be available to assist with their problem. The population of problem gamblers within a radius of 40 kilometres of the casino reflects not only an estimate of those likely to travel that distance to gamble but may also suggest the distance they are likely to travel to seek treatment if needed.



- Several services are provided in Hamilton-Wentworth which respond directly, although not exclusively, to individuals with problem gambling behaviour. The Alcohol, Drug and Gambling Service operated by the Regional Municipality provides assessment, early intervention, individual and group treatment options. Services are also available for the spouses/ significant others of problem and compulsive gamblers, including an educational support group for partners of problem and compulsive gamblers. The Hamilton Health Sciences Corporation's Moreland Centre provides treatment and case management to individuals (not families) with gambling problems. Gamblers Anonymous, a self help organisation, provides mutual support for individuals and families experiencing problems with gambling. This service, in contrast to most others, is provided without the support of public funding. The organisation and its services are provided on a strictly voluntary basis.
- Community resources are also used to respond to the impacts of problem gambling on families and friends. Research suggests that for every problem gambler there are 10 to 17 people around him/her that will be negatively affected.
- Some of problems experienced by problem gamblers may lead to serious psychiatric and physical disorders. A variety of mental health problems have been associated with problem gambling behaviour. These include manic depression, attention deficit disorders, hyperactivity, agoraphobia, obsessive-compulsive disorders, depression and suicide or attempts. In addition, persons may experience physical health ailments that require health care or treatment. These can include stress-related ailments such as insomnia, ulcers, colitis, high blood pressure, heart disease, migraines, skin problems and problems with multiple addictions.

- The services which might be engaged in the process of assisting an individual or family could include any one or more of several services including: Family Services of Hamilton-Wentworth, Catholic Family Services, the Children's Aid Society of Hamilton-Wentworth, the Catholic Children's Aid Society, Canadian Mental Health Association, legal aid services (i.e. McQuesten Legal and Community Services), the Elizabeth Fry Society, the John Howard Society, Employee Assistance Programs, Regional income maintenance services and local employment assistance services. In addition to these, individuals may seek out support services from family doctors, lawyers or counsellors and therapists in private practice.
- Although a wide variety of health and social services respond to the needs of those with problem gambling behaviours, many services benefit from revenues generated by gambling activity. The Trillium Foundation in Ontario, operating exclusively on the basis of proceeds from Provincial lottery and gaming proceeds, plans to allocate 100 million dollars in the 1999-2000 operating year to community service organisations across the Province. Local gaming ventures such as bingo and Nevada break-open ticket operations generate considerable revenues for local charitable organisations which are then used to support the delivery of programs and services to their client population.
- A permanent casino in Hamilton offers the potential of a similar benefit to these services. The Ontario Lottery Corporation established a one time fund in 1998 which was in part designed as a substitute for revenues previously generated for charitable organisations in the community by roving Monte Carlo casinos. With the discontinuation of the Monte Carlo events early in 1998, a number of local charities lost revenue that provided them the capacity to offer services. The substitute fund offered 1.2 million dollars for Hamilton organisations alone. Another 1 million dollars was provided to the smaller municipalities in Hamilton-Wentworth to support services in those localities. In Hamilton there were nearly 50 organisations which had made an application for an allocation from the local fund for financial support.

- Revenue generated by a local permanent casino would be used to benefit local charities and associations. At this time it is not clear exactly which organisations would receive funding support from this source. Nor is it clear whether or not this funding source would provide stable long term funding for a select few programs and services as opposed to other funding configurations of a shorter duration and more varied nature. Applications for funding from the interim fund of 1.2 million dollars for Hamilton were reviewed by a committee of Municipal Council, which then made recommendations to the Ontario Lottery Corporation for funding choices. Although this arrangement provides a mechanism by which municipalities can apply locally developed criteria and priorities for funding services as a guide to awarding grants, they are limited in the recommendations they can make by the organisations that apply.
- As problems develop they may first register a toll on the workplace. Problem gamblers show higher than average rates of lateness, absenteeism, low productivity and crimes against employers such as forgery, embezzlement and fraud. Drawing on estimates from the United States the total social costs to society from problem gamblers could range from \$34 million to \$93 million annually.
- There is scant evidence of an increase in criminal activity associated with the operation of a casino. At the Symposium on Problem Gambling held in Niagara Falls in 1998, Inspector Arthur Rees of the Niagara Regional Police Department delivered a report on the subject and noted that "...prostitution, violent crime and robberies have not increased in Niagara Falls since the Casino opened." Casino Niagara first opened in late 1996. Inspector Rees did concede however, that incidents of abandonment of children had been occurring to a greater extent than had been anticipated and there had been some increase in the reported incidence of fraud and use of counterfeit money. The view that criminal activity did not increase was apparently reflected in the impressions reported by Niagara Falls residents. In a study conducted by the Addiction Research Foundation, 77 percent of respondents to a survey in 1996 thought the casino would cause an increase in serious crimes. A year later, only 44 percent of residents believed crime had increased.

This research also noted that 63 percent of respondents in 1996 thought a casino would cause an increase in the number of young people in trouble with the law. By 1997, only 35 percent of respondents still thought a casino would have this effect on young people.

- In Hamilton, the precise impact a permanent casino would have on policing services is not well known. The Hamilton-Wentworth Police Department would anticipate a need for additional officers initially to patrol the area around a casino. The service requirements would be adjusted over time as conditions warrant.
- Estimates of service costs for the Alcohol, Drug and Gambling Services of Hamilton-Wentworth in responding to problem gambling behaviour of a presenting individual are based on estimates noted in correspondence from Grant Corbett, Program Manager, ADGS of Hamilton-Wentworth, January 21, 1999. These estimates indicate that one clinical social worker can attend to 245 cases annually. At a cost of \$247 per case the cost for providing assessment and treatment services to problem gamblers would vary between a low of approximately \$650,000 annually and a high of approximately \$1,453,000 annually.
- The results of this estimating procedure suggest that even when we use the most conservative estimates for prevalence of the problem gambling population and smallest number of people around them that are likely to be affected, a population of over 26,000 will experience stress or difficulties. The high estimate indicates that as many as 89,000 people could be negatively affected by problem gambling behaviours by someone near to them.
- The potential financial viability of a permanent casino in Hamilton has been eroded by the expected permanent casino in Brantford and by the allocation of large numbers of slot machines to two local raceways. While a small permanent casino may still be profitable, its economic impacts will be circumscribed by its size but its social impacts may not be sensitive to size.

- This study sheds valuable light on the complex issues of establishing a permanent casino in the community and provides sufficient data and analysis to help focus the debate on the benefits and costs of a prospective casino. The ultimate decision rests with the people of Hamilton.





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## Appendix

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Key informant interviews were conducted with the following individuals:

Bright, Elaine. Executive Director, Elizabeth Fry Society of Hamilton

Elwood, Bruce. Deputy Chief of Police, Hamilton-Wentworth Regional Police Department.

Gillespie, Duncan. Executive Director, John Howard Society of Hamilton

Hilbert, Rosemary. Senior Social Worker, Alcohol, Drug and Gambling Services of Hamilton-Wentworth

Kirkpatrick, Helen. member, CANEW Neighbourhood Association, Hamilton

McNie, Jack. member, Hamilton Casino NO Committee

Roy, Wendy. Executive Director, St. Matthews House, Hamilton

Tinglin, Winston. Chief Executive Officer, United Way of Burlington, Hamilton-Wentworth



## Glossary of Terms

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### *Gross Output (or Gross Sales)*

This is the total value of goods and services sold by businesses during the year in sustaining the project's normal year operations. Direct sales include all the value of goods and services bought for on-site operations. They include only a portion of the revenues of the activity, excluded are taxes, depreciation, wages and salaries, and net profits. Total sales include all the turnover of goods and services needed to sustain the activity.

### *Value Added (or Income)*

This is a measure of net output. It avoids double counting of products sold during the accounting period by including only final goods. For instance, only chairs are included, whereas the wood that goes into making them does not appear separately. It is equal to income (GPI). It may be calculated by adding wages, interest, rent and profits. Alternatively, it is equal to revenues minus the total cost of purchased inputs.

### *Labour Income*

This is the wages and salaries component of income.

### *Multiplier*

This is a measure derived by adding direct, indirect and induced effects (total) and dividing the total thus derived by the original expenditure (revenue). For instance, the income multiplier associated with a given activity is equal to total income divided by the original revenue. Only the employment multiplier is calculated differently. The latter is generated by dividing total employment by direct employment. This difference is necessitated by the fact that in using the general definition in the case of employment would result in dividing employment in person years by dollars of revenue. This would not yield a unitless measure as the multiplier is supposed to be.

### *Taxes*

The model includes a number of taxes; each is linked directly with the level of government receiving it. For example tariffs on imports are received only by the Federal government, whereas business and property taxes are received solely by local (municipal) governments. On the other hand, corporate profit taxes and personal income taxes are shared between the Federal and Provincial governments.

### *Person Years of Employment*

This is a measure of full time job equivalents. A one person year of employment is equivalent to several part time jobs.

### *Problem Gambling*

This is a comprehensive term used to describe gambling behaviours that compromise, disrupt, or damage personal, family, or vocational pursuits.

### *Pathological Gambling*

This is defined as a progressive disorder characterized by a continuous or periodic loss of control over gambling; a preoccupation with gambling and with obtaining money with which to gamble; irrational thinking; and a continuation of the behaviour despite the consequences.

### *Prevalence Rate*

This term describes the number of individuals on average that may be expected to experience problem gambling behaviours out of a group of one hundred individuals.

### *OSAB*

Ontario Substance Abuse Bureau of the Ontario Ministry of Health has established a guideline for the treatment resources required to treat an individual with a gambling problem. They recommend funding in amounts that would enable one addictions counsellor to serve between 100 and 125 clients per year.

### *Import Replacement*

These are the gambling monies that local residents would spend in the local community that they would have otherwise spent in other communities.







